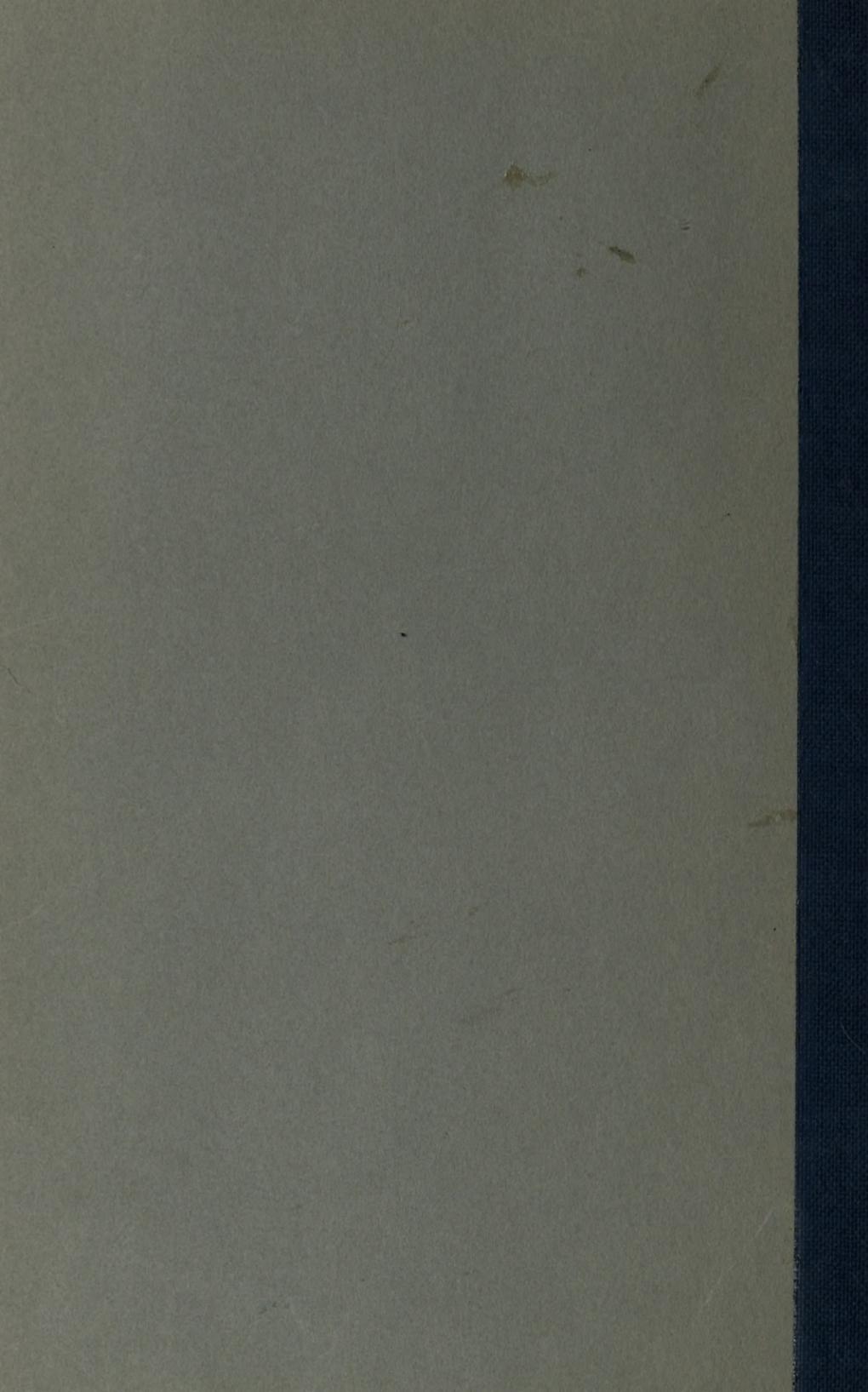


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BIRMINGHAM STUDIES
IN
SOCIAL ECONOMICS
AND ADJACENT FIELDS

EDITED BY PROFESSOR W. J. ASHLEY



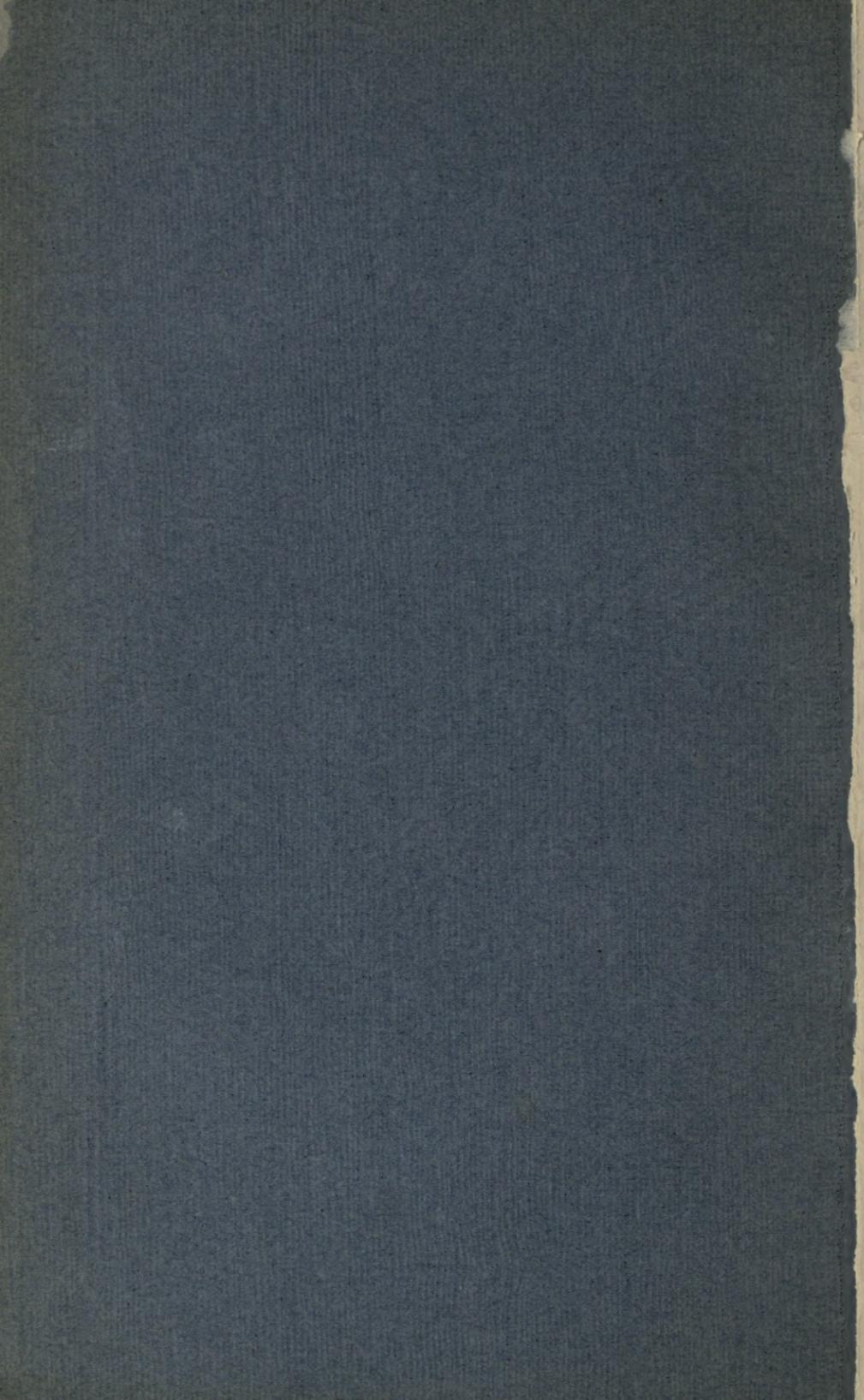
III

The
Social Policy of Bismarck
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A Critical Study, with a Comparison of German
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BY
ANNIE ASHLEY
UNIVERSITY OF BIRMINGHAM

WITH A PREFACE BY
GUSTAV VON SCHMOLLER

LONGMANS, GREEN AND CO.
39 PATERNOSTER ROW, LONDON
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III

THE SOCIAL POLICY OF BISMARCK

NOTE

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IN
SOCIAL ECONOMICS
AND ADJACENT FIELDS

EDITED BY

PROFESSOR W. J. ASHLEY, PH.D.

DEAN OF THE FACULTY OF COMMERCE AND CHAIRMAN OF THE SOCIAL STUDY
COMMITTEE IN THE UNIVERSITY OF BIRMINGHAM

Ashley, Anne
" " III

The Social Policy of Bismarck

A Critical Study, with a Comparison of German
and English Insurance Legislation

BY

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UNIVERSITY OF BIRMINGHAM

WITH A PREFACE BY

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P R E F A C E

MY friend, Professor Ashley, has asked me to write a brief note of introduction to his daughter's essay on *The Social Policy of Bismarck*. I gladly accede to this request, as I have read the work with great satisfaction, and can confidently assure English readers that they will find here an admirable exposition of Bismarck's character, and of the origin and substance of German insurance legislation. The judgment pronounced upon the Imperial Chancellor and his policy, and the comparison instituted between English and German laws and conditions, have naturally, here and there, a certain subjective character; but even these parts I have read with great interest, and often with approval. Where I am not entirely in accord, the divergence is due to our different standpoints.

A final judgment on Bismarck and his social policy could only be arrived at by a student who had entirely free access to the original documents, or who had been engaged for years in the collection of extensive materials, as Professor Marcks is doing for his *Life of Bismarck*. Let me give an example. When the Imperial Chancellor took up the question of Insurance legislation, his principal adviser—next to Herr von Bötticher, the permanent head of the Imperial Chancellery—was Lohmann, who was afterwards a high official of the Ministry of Commerce. Lohmann's drafts were of a more liberal character, and were designed to give greater scope to private initiative, than Bismarck had intended, and were

accordingly rejected. His place as adviser was taken by Bödicker, afterwards President of the Imperial Insurance Office, who was energetic and competent, but more compliant. Lohmann was intellectually of a higher type, and far better versed in economic matters.

An adequate view of the creation of the insurance laws would involve an examination of the drafts of Lohmann as well as of Bödicker, and especially of the former, for the Bills of 1881-90, as finally presented, are drawn on Bödicker's lines. Both men are now dead. I have taken a good deal of trouble with the hope of bringing to light Lohmann's drafts and the original notes which are among his papers, and I trust that his sons will be in a position, in a few years, to publish them.

We are likewise still far from possessing the materials essential for a right understanding of Bismarck's social ideas, and of the many changes which they underwent. For my part, I should not describe Bismarck at any stage of his career as a State Socialist, however much he was inclined to assign large economic functions to the State in opposition to the liberal-individualism then current. Even in the early and middle seventies, when he jestingly described himself in my presence as a "Socialist of the Chair," he was a thorough-going individualist in economic matters, who keenly resented any interference of the State in his private business. The State should not concern itself either with the amount of his income, or with the management of his estates or factories. In the character of the rugged squire was united the fashionable doctrine of *Laissez-faire* with the proud consciousness that his family had been established in the Mark of Brandenburg before the Hohenzollern, and had shared in its government. Side by side with this, however, there was always in his heart

a feeling of *noblesse oblige* towards the lower classes, and a conviction of the social mission of the monarchy to protect them against exploitation by the upper classes ; and, beneath all this, was an undercurrent of dislike of the money-making bourgeoisie. In his later years, it is true, he arrived at a *modus vivendi* with the manufacturing interests, but this was simply because he needed their acquiescence in the insurance laws.

An important factor in determining the scope and character of the whole body of insurance legislation was Bismarck's desire to carry out the great undertaking rapidly, and, in any case, during his own lifetime. When, in the years 1882-5, a part of the schemes was presented for the consideration of the Prussian State Council, under the presidency of the Crown Prince, and Herr Bötticher invited me to make a detailed examination of the Bill for extending accident insurance to the agricultural labourers, I expressed my doubt as to the advisability of such hasty legislation : in my judgment it would be well to await the results of two or three years' experience of the recent combination of sickness and accident insurance in the case of the industrial workers. The answer I got was this: "We cannot wait. Nothing but the force of Bismarck's personality will render success possible. If we lost him, the work would be left half done." >

To these general observations, I will only add that to me the most attractive part of Miss Ashley's work is her consideration of the psychological aspects of her subject. Her remarks, from this point of view, on the results of German industrial insurance, seem to me among the best things that have hitherto been written on this theme.

GUSTAV VON SCHMOLLER.

[Translated.]

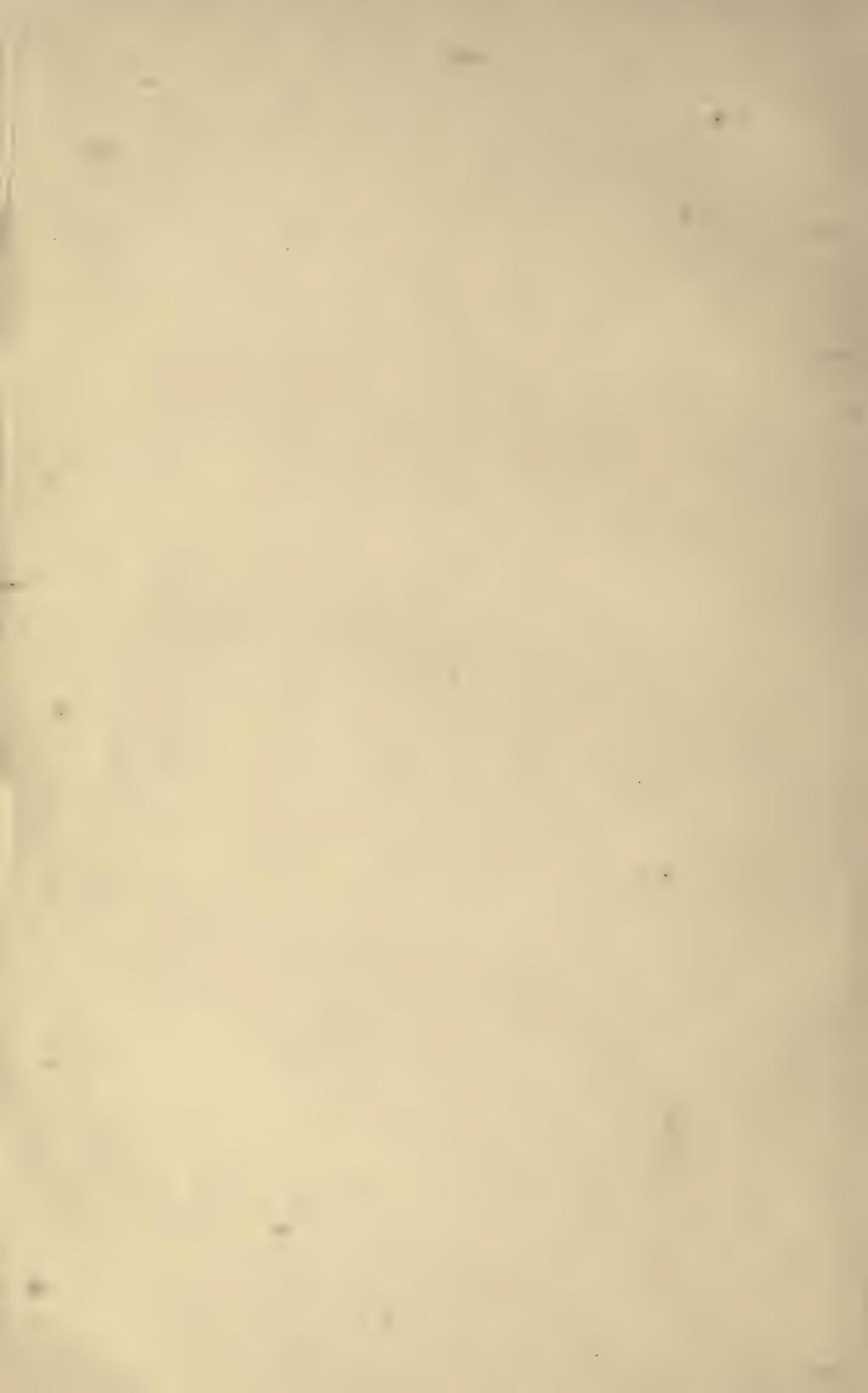
SCOPE OF THE ESSAY

WHEN we speak of Bismarck's social policy we may use the word "social" in a wider or a narrower sense. It may be taken to include his views on the nationalisation of railways and state monopolies and the conflict between free trade and protection. I have found it necessary, however, only to touch incidentally on these questions, and for the sake of avoiding too great length to confine myself almost exclusively to the Insurance Legislation. This is the most purely social, as well as the most original, part of his work. It is also of burning interest in England at the present moment. I have, therefore, considered its origin, beginning with the meaning and history of State Socialism, and going on to examine the place of Bismarck himself in this movement and the development of his views up to the time of this legislation. Finally, after a brief abstract of the German Acts, I have discussed the whole movement shortly, considering not so much Bismarck's actual measures as the European movement which arose from them, and more especially the English Insurance Bill and its probable effects.

A. A.

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The Social Policy of Bismarck

INTRODUCTION

WHEN we try to trace the causes of historical events two pitfalls lie near the path. Until recent years the tendency was to look upon each occurrence as the work of one man, some king or statesman or general. He appeared upon the scene and it took place. Men forgot that no one is isolated ; every one builds upon the work of those who have been before, and is helped by those around him. Even the greatest reformer, the man who has much to clear away before he can build up, still comes chiefly "not to destroy but to fulfil."

On the other hand, the idea of evolution has taken possession of the modern mind to such an extent that, to-day, the greater danger is lest we should explain everything as part of a "process," and almost ignore the human factor. Men are merged in "humanity." But reasonable evolutionists admit that, when it reaches the stage of civilised humanity, the evolutionary process becomes largely conscious. Much is left for human free will and endeavour to make or mar. The paradox of society and the individual is familiar ; everyone is part of society and builds by his labour on the foundations laid by others, but he does not lose his individual being nor does his work ; it is uniquely his own. Everything is accom-

plished by men co-operating in this way; and often one great man is needed, who leads

“his soul, his cause, his clan
A little from the Ruck of Things :
‘Once on a time there was a man.’”

The German Insurance Laws were the outcome of the school of thought known as State Socialism; they were also the work of Otto von Bismarck. We must, therefore, trace the rise of this movement, its influence upon Bismarck and his influence upon it, and the result of this interaction on the Insurance Laws.

SECTION I

THE NATURE OF STATE SOCIALISM

STATE Socialism is that policy which looks for reform through the increased intervention of the State, as now existing, in the life of each individual citizen. This point of view has to a great extent been adopted by the Conservative party in Germany, and is often spoken of in that country as Conservative Socialism. To many of us this seems almost a contradiction in terms.¹ The Conservative party is essentially that which desires to preserve present institutions ; while Socialism, as usually understood, means sweeping change. Also, since the present state of society gives a very large share of the world's goods and honours to a small proportion of the population, we are apt to believe that the Conservative cares chiefly for the good of this favoured group. The man who wants change—and especially the Socialist who wants the extremest change—must care, we think, for the good of the mass of the population. A certain feeling of moral superiority and the consciousness of wishing well to all mankind often seem to draw together those at the opposite poles of Anarchism and Socialism against those who wish to maintain anything like the *status quo*.

In this country we are accustomed to see men associate Socialism and Liberalism as “the forces of progress,” and

¹ Cf. Laveleye : “ Les mots de Socialiste et de Conservateur jurent de se trouver réunis. L'un ne veut-il pas détruire tout ce que l'autre tient à conserver ? ” (*Le Socialisme Contemporain*, p. 93).

many of us have a misty conception of Socialism as "Liberalism, only more so." If, however, we keep free of moral prejudice in our definition both of Conservatism and Socialism, we see at once that they are not as incompatible as we are at first inclined to suppose.

Conservatism may be defined in the simplest way as the tendency to oppose change, and Liberalism as the tendency to desire it. It is really a question of relative values; the Conservative believes the good already gained by the community to be more important than the further good that may possibly be reached. The Liberal, on the other hand, thinks the good now enjoyed may wisely be risked for the sake of future gain. The essence of Conservatism, then, is opposition to change; the fact that some of its members are led to this by the knowledge that change will harm them personally, that there is what may be called "the Conservatism of comfortable possession,"¹ is really irrelevant to the problem of the relation of Conservatism and Socialism in principle. We must also get rid of the suspicion that Conservatives, like the Greeks, hold the view that the perfection of a few can only be achieved at the expense of the many, and that the gain is worth the cost. There may be some to-day who half unconsciously hold this view. Few people hold it in an articulate form, however, and it is certainly not this which influences the best men of any party. The real question to-day is not whether the good of all or of a few is to be desired, but by what means the good of all may be brought about.

In the comparison of Socialism and Individualism it is even harder to avoid a moral prejudice. We often suspect the representative of individualism of an "every man for himself, and the devil take the hindmost" type of philosophy, and expect its

¹ Cf. Bismarck, *Reflections and Reminiscences*, ii. 65.

most devoted adherents to be the people who have been especially successful in feathering their own nests. No doubt even the most disinterested of individualists believe quite rightly that it is good for most men to bear a considerable part of their own burden themselves. The eighteenth century individualists and orthodox economists did not seem to get much further than this ; but this is not the whole of individualism. Nearly everyone agrees that men ought to perform many actions for the good of others ; the question is, whether they ought to be forced to perform them. To take an idea from Bosanquet,¹ moral Socialism does not necessarily lead to economic Socialism ; in fact, if the one were perfect the other would be unnecessary. The real question at issue is whether actions are more important for their inherent moral value or for their results ; whether, for instance, it is right to leave landowners the moral possibility of voluntarily building good houses, or whether the housing of the people is too important to be a matter of individual choice. There is, of course, the side issue of the possibility of educating public opinion by the law ; we may hope that, if the Factory Acts in England were suspended to-day, few employers would immediately allow all the horrors of child labour to return which existed before their enactment. An action begun in obedience to law may become habitual, and in time gain a moral worth. But though this is true, the main question is still whether the chief value of an action depends on internal or external results. The socialist would like to make each man act for the good of the whole ; the individualist would not do this if he could, as he thinks each man ought to be left to choose his own course of action by his own free will.

Moreover, existing institutions are neither entirely socialistic nor entirely individualistic. It is possible, therefore, for one

¹ Essay on "Individualism and Socialism" in *Civilisation of Christendom*.

party to see "progress" in an increase of the socialistic element and another in an increase of the individualistic. Conservatism, accordingly, is apt to assume either a socialistic or an individualistic "tone" according to which aspect of things is being attacked by the most powerful "progressive" party. And, in doing this, it may join hands with the party working for "progress" in the other direction.

In England to-day change is largely in the direction of state interference, and we therefore think of Conservatism as more or less individualistic. We are apt to forget that, from the Middle Ages until recently, change in Europe had been in the direction of freedom from trammels—freedom of person, of industry and home and foreign trade, of thought and, in fact, of every department of life. Progress, therefore, then meant the winning of individual freedom, reaction and conservatism meant the attempt to preserve guilds and other forms of restriction. The people had often been made to submit to laws not for their own good but for that of a small ruling class. Therefore the first thought of the men who woke up to the ideal of the good of the whole community was to seek their end by removing restrictions and allowing each to work out his own salvation. And although "popular government" is not the same as individual freedom from restraint, on the whole the people who believed in the self-government of the community believed also in the self-government of the individual. This was the spirit of the older democracy or individualistic Liberalism.

As time went on, however, men began to suspect that this ideal did not necessarily coincide with that of efficient government. Many, though not all, of this individualist party began to alter the grounds of their plea for self-government; they began to give up saying that men could always look after their own affairs better than others could for them, and said instead

that it was good for them to do so, however badly ; the vote of the labourer, for instance, was good for him whether or not it was good for the country. And now a rival party began to increase in strength. If the Liberals' watchword was "liberty," theirs was "efficiency." It matters little, they thought, who does what is necessary in the State, but it must be done. Their ideals were bureaucratic rather than democratic. And if the older Liberals are properly described as individualistic, this new party is properly described as socialistic. But this type of thought was also attractive to Conservatives. All the forces of aristocracy and royalism were likely to enlist on the side of those who said that the mass of the people needed guidance by a paternal government ; and so a socialistic Conservatism was soon opposed to the individualistic Liberalism. This was most of all the case in Germany, where the men in the high places of the State are not members of parliament but officials. A bureaucracy tends to look for work and power for itself. A second cause of the growth of this party is peculiar to Germany. It lies in the sharp line between the aristocracy and the trading classes in that country. This made Liberalism *bourgeois*, and caused an alliance between the aristocrats and the working men to be natural. The upper classes wanted an ally against the middle classes, and hoped to find one in the working man, who, being less able to assist himself and benefit by freedom, was by no means so faithful a devotee of liberty as his *bourgeois* fellow-citizen. In England, owing to our system of primogeniture, the aristocracy has never been a caste ; so this utter cleavage between it and the traders is unknown. This may be the reason why we have no native English word corresponding to *bourgeois* in France or *Philister* in Germany.

In no other country, then, is State Socialism so closely

allied with Conservatism as in Germany. Although the chief Liberal battle-cries in England—Free Trade, Home Rule, Disestablishment—are all individualistic, in industrial matters Liberalism is ceasing to stand for individualism ; and therefore we have in England no opposition party calling itself Conservative Socialism.

Even in Germany this party is neither entirely conservative nor entirely socialistic. It prides itself on carrying nothing to extremes. No tendency of thought is ever found absolutely pure. In fact, to adopt any one and apply it to all regions of life would be suicidal. Each particular case must be decided on its merits ; the question is not whether state interference is useful, but whether it is useful in this particular case; not whether change is a good thing, but whether this particular change is wanted. Most people realise that a compromise between Socialism and Individualism is the ideal. It is the same with Conservatism and Progressivism. In the human body some organs come to perfection soon, others take long to develop. The body is progressive inasmuch as having formed, say, eyes, it does not rest on its laurels but goes on to form teeth. It is conservative inasmuch as it does not then discard the eyes as effete or try to transform them into something else, but preserves them as well as the newer production. Every right change is a very subtle thing, not to be brought about by the guidance of a single general principle.

And yet even one of the most concrete of philosophers, William James, allows that universals have their use as short cuts through the particular.¹ This is true of politics as of other fields. Few people can decide each case entirely by itself. We have to find our way about among events by certain paths of opinion. Some men, for instance, tend to like change,

¹ *Pragmatism*, *passim*.

others to dislike it; some like corporate action, others want each man to stand on his own feet. And the school with which we are dealing, while proud of its moderation in all things, has quite definite paths of opinion, conservative and socialistic.

SECTION II



THE HISTORY OF STATE SOCIALISM

THE historical growth of the State or Conservative Socialist party in Germany is very complicated. It almost needs a genealogical table to trace the evolution of schools of thought from each other, the dividing and mingling of different developments of the Ricardian political economy or the Hegelian state philosophy.

The Economics of the eighteenth century was permeated by the doctrine of "*laissez-faire*." This term was, if not invented, at any rate used by Gournay,¹ whose influence was great over the French "Physiocrats," the first body of men who treated Political Economy as a science. Quesnay also, the other founder of the school, believed in absolute freedom of industry and trade. It was among Physiocrat doctrines that "individual interest is the primary bond of society."

Adam Smith and the English school of economists differed greatly in many points from the Physiocrats, but on the whole

¹ We have Gournay's views, in a more complete form than can be gathered from the phrase alone, in the following passage: "M. de Gournay concluded that the only object of the administration should be—

"(1) To give to all branches of commerce that precious liberty . . . which they have lost.

"(2) To favour industry . . . by promoting the greatest possible competition . . . resulting in the greatest possible perfection in production and the cheapest price for the buyer.

"(3) To give at the same time to the latter the greatest number of competitors, by opening to the seller all the markets for his produce."

(*Éloge*, by Turgot, friend and disciple of Gournay, quoted *Dic. Pol. Econ.*, vol. ii. p. 236.)

they followed them in their individualism. Smith himself, though he attacked many forms of state intervention, was not an extreme individualist; but, as usual, what the leader held in moderation the followers carried to extremes. Ricardo did not argue for the principle of free competition; he hardly stated it in so many words as his view; but he constantly assumed it in all his work, almost like a law of nature, and thus immensely strengthened its hold on men's minds. John Stuart Mill's views on state intervention fluctuated to a considerable extent, as is shown by the various editions of his *Political Economy*, but he never takes an extreme view. In his chapter "Of the Grounds and Limits of the *Laisser-faire* or Non-interference Principle," he calls it "a question which does not . . . admit of any universal solution."¹ But by the time this appeared (1848), England had virtually abandoned the principle in the Factory Acts of 1833 and 1844. Since then intervention has steadily grown and extreme individualism diminished in England, though not through the rise of a new Political Economy. England is notoriously practical, as opposed to theoretical, in politics; and the course of affairs was, at any rate till lately, but little influenced by economists. The change came partly from the natural reaction against a policy of absolute non-intervention, partly from the growth of insight into the evils which arose from the new industrial developments of the nineteenth century unguided by the State. By slow degrees English economists seem to be altering their views in accordance with the newer political policy. In Germany, however, the Industrial Revolution came later. Besides, politicians there are more ready to wait for economists to warn them that they ought to change their views. The power of abstract thought over practical affairs is far greater in Germany

¹ *Principles*, bk. v. ch. xi. § 1 (ed. Ashley, p. 941).

than in England. The principle of *laissez-faire* permeated German politics and especially German Liberalism much longer. There was a Factory Act in Prussia restricting the employment of children as early as 1839, but no great system of regulation followed; and even to-day Germany is behind England in this matter. When the State began to feel its responsibility for the workman, it chose other fields than factory regulation for the greater part of its labours. And a long process was needed to bring about this feeling of responsibility.

Already, however, in the first half of the nineteenth century, a school of thought opposed to that of the individualists was growing up, namely, the Socialists or, as they are called in Germany, Social Democrats. This school originated in the teachings of St. Simon and Fourier in France, and Robert Owen in England. It was given its modern form, however, by Karl Marx, who began to have great influence from 1848; though the first volume of his chief work, *Das Kapital*, "the Bible of the Social Democrats," did not appear till 1867. Curiously enough, deeply as he differed from the general trend of "orthodox" economics, he found his fundamental idea, namely, that labour is the one cause of value, in Ricardo. From this he argued that the labourer ought to receive "the whole product," and that the ideal community would ensure his doing so. He drew his doctrine of the State from Hegel, whom he had studied at the Universities of Bonn and Berlin. Like most great thinkers, Hegel had been followed by men who had carried his thought to different extremes. Marx belonged to the extreme Left Wing of Hegelianism, the "Young Hegelians," as they called themselves. This school, while accepting Hegel's high conception of the State in the abstract, with his view of society as an organism and of "the general will," entirely neglected his

defence of the State as it already existed. They looked for the new order of things from a new type of society, brought about by more or less revolutionary means.

As time went on this Social Democratic party was joined by a larger and larger proportion of the working-class population, as education and class-consciousness increased among the mass of the people. It was the capitalist in the first half of the nineteenth century, as it was the baron in the reign of Stephen, who reaped advantage from the non-interference of the central government. The poor man knew that what was called "freedom" merely meant the advantage of the stronger. It is absurd to say that an isolated workman, dependent on his weekly wage, is able to make a free bargain with a capitalist who is at liberty to reject him and choose another man. He can be forced to work long hours, and perform dangerous processes, and take low wages through his fear of starvation for himself and his family. Social Democracy soon seemed likely to lead to a war of class against class; men became alarmed at its unknown strength.

Different as were the Socialist and the earlier Economist, they resembled one another in their abstract and deductive method. Karl Marx, though he fills a large part of his book with concrete instances of the evils brought about by the existing methods of industry, works out his system by a process of reasoning from first principles just as much as the so-called Manchester School. He aims at being equally "scientific." By the middle of the century, however, a group of economists were at work, who adopted an entirely different method. They were the first of the Historical School. They believed that reasoning from first principles had led men to many opposing conclusions, and that experience was the safest guide. They put the study of economic history in the place of the

greater part of abstract economics, thinking that more could be learnt from tracing the way in which institutions had worked out in the past, than from trying to discover by deduction what their results ought to be. They preserved a certain amount of the "foundations" of abstract economics, but modified and softened them by introducing many considerations as to the complication of human nature previously unthought of by economists. Men might have an impulse to self-preservation and enrichment, but they were influenced by numerous other motives. Henry Drummond¹ has supplemented Darwin's "struggle for existence" by what he calls "the struggle for the existence of the other man." In the same way the Historical School showed that the average man is affected by all sorts of habits and customs and affections. Some of these are of little or no value in themselves, but not to be altogether ignored; others are among the most important things in human life. For this reason the Historical claimed to be the "Ethical" school; it did not isolate every man in lonely self-seeking, but made him part of a complicated organic community.

In this view of society the Historical School resembled the Socialists in being greatly under the influence of Hegel. The thoughts of philosophers are much more far-reaching in their effects in Germany than in England; metaphysics are more natural to the German than to the more practical Englishman. Even this most practical and least theoretical of schools felt their influence. But they avoided the extremes to which the Young Hegelians had carried his views; they accepted his high doctrine of the State, but also his practical conclusions, which amounted to an acceptance of the system of government already supreme in Germany—a more or less constitutional

¹ *The Ascent of Man.*

monarchy. They did not look for the salvation of the State in revolution, but in a gradual process. Most of the leaders of this school, men such as Roscher, Hildebrand, and Knies, believed, like the Socialists, that much more corporate action was desirable, but it was to be undertaken by the State as already organised, not by any future utopian society. And, therefore, they were not cosmopolitan, like the Socialists, but intensely national.

This new movement among economists, which was confined to Germany, did not attract much attention until the founding of the "Verein für Social-Politik" in 1872. In that year there was a congress of economists and politicians at Eisenach, and the Verein was founded by men who realised the existence of a "social question," and believed that part at any rate of the solution could be found in state interference.

Now that the size of the movement was apparent, the controversy with the orthodox school and Liberalism broke out. The name "Socialists of the Chair" (Katheder-Sozialisten), that is to say the professorial chair, was given to the Historical School. Like most names of parties, it was at first a term of reproach, and was intended to frighten all men who were afraid of Social Democracy away from the new theories. But many of the new school adopted the name, using it—just as "individualism" is used—to mean rather a way of looking at things than one definite system. "Socialism of the Chair" has been called "the Historical School become militant."¹

Since 1872 this type of thought has become more and more widespread among German economists. As is usual when any body of opinion ceases to be mainly in opposition and becomes predominant, many shades of thought soon revealed themselves within it. It was assumed at first that the

¹ Ashley, "Socialists of the Chair," in *Dic. Pol. Econ.*, vol. iii. p. 438.

"Historical," the "Realistic," and the "Ethical" Schools were all the same. It was assumed, also, that this school was necessarily semi-socialistic. But other schools borrowed some of their ideas; the individualists, for instance, were becoming more "ethical," basing their argument less on natural self-seeking and more on the need for voluntary kindness. It soon became apparent that all the tendencies that had seemed so closely united at first could be combined in very varying proportions. Among those who were recognised as belonging to the school, some were willing to welcome a very much larger degree of state interference than others. The chief representative of the more socialistic wing is Professor Adolf Wagner of Berlin,¹ whose influence was very great after the

¹ His programme is given in a concise form in his article in the *Tübinger Zeitschrift* appearing 1887 (Dawson, *B. and St. Soc.*, Appendix).

"I. A better system of production, by means of which production may, above all things, be assured an ordered course, instead of the utterly irregular one that obtains at present. . . . More comprehensive participation by the mass of the population, especially of the working classes, . . . in the material benefits and the blessings of civilisation caused by the increase of the productive forces; therefore increase of wages, . . . assured employment, restriction of the hours of labour, . . . exclusion . . . of children from paid employments, especially where the conditions are . . . dangerous; similar restriction of female work; adequate precautions against accidents during employment and provision for their consequences; insurance against sickness, incapacity and old age, with provision for widows and orphans.

"II. Inclusion in the administrative duties of the State, the parish, and the other public bodies of such measures as conduce to the . . . advancement of the mass of the people; . . . without fear of the 'public Communism' which would to some extent be thereby encouraged.

"III. Transference to the State, parish, &c., of such land, capital, and undertakings as may economically and technically be well managed in public hands (transport, banks, water, gas, markets).

"IV. Public revenue to be so raised as to allow of the 'Communistic' character of public bodies . . . being developed wherever decided objections . . . do not exist.

"V. Taxation to be so adjusted that . . . it may fulfil . . . an . . . indirect purpose, which is twofold:

"(1) Regulative interference with the distribution of the income and wealth of private persons.

"(2) Regulative interference in private consumption (indirect taxation on drink, &c.)."

appearance of his *Speech on the Social Question*, published in 1872, the year of the founding of the "Verein."

This new school of economics in Germany had its influence on the views of many of the statesmen of the time. The more enlightened wing of the Conservative party was especially ready to be impressed with it. They wanted some definite programme which should strengthen the monarchy and the State, and be in opposition to individualistic Liberalism. They also hoped to win the working classes away from Social Democracy, which was becoming, they believed, increasingly dangerous to the State. The ideal of a benevolent fatherly monarchy, allied with the mass of the people against bourgeois Liberalism and the monied interests, was very welcome to them. It was returning to the policy of Frederick the Great, the *roi de gueux*, as he had called himself. When the Socialists of the Chair began to scatter the seed of their doctrines, it fell, in Prussia, on congenial soil.

The Prussian monarchy had for centuries been especially zealous for the welfare of its people. When a small state works its way towards greatness, the crown and people are likely to be drawn close together in sympathy, as both are working for the same ends. They share an intense national feeling. Nearly all the Hohenzollerns were constantly energetic in the service of the State, and their popularity was equally constant; while, as for the Prussian people, as Acton says, "no people were more submissive or more ready to suffer for the sake of the State."¹ Under Frederick the Great the struggle for national greatness was at its intensest and most successful stage. We might have anticipated that the king's attention would have been drawn away from internal development. But after the Seven Years' War all Europe

¹ *Lectures on Modern History*, p. 285.

entered upon the age aptly characterised as the Repentance of Monarchy.¹ At no other time was internal prosperity so carefully fostered. Frederick cared for mines and industries, agriculture and foreign trade, roads and canals. Many enterprises were undertaken by the State itself; a state port was opened, and the State became an importer of raw materials, which industry was believed to need.² The Prussian Code which came into force under Frederick William II in 1794 went still further and proclaimed something very like a "right to work."³ The principles of *laissez-faire* had thus been a departure from Prussian tradition ; and the Conservative party, partly out of opposition to the Liberals, but partly out of true sympathy with the nation, began to aim consciously at a return to the older policy. Public spirit, dislike of the bourgeois, the hope of winning the working men from Social Democracy, and a bureaucratic trust in state action, combined to make them adopt a "State Socialistic" policy. And thus State Socialism grew up. On the one side it had the "Socialists of the Chair" to formulate its doctrine, for even this least doctrinaire of parties had to have a doctrine ; on the other, the Conservative-Socialist statesmen to carry its precepts out

¹ *Lectures on Modern History*, p. 302.

² "The Electors of Brandenburg from the earliest times devoted special attention to the economic circumstances of their territories. Here . . . the paternal system had reached its highest development, and the Government regulated the smallest and the greatest matters alike. . . . Of all the governments of those days (seventeenth century) the Prussian was the first to seek the welfare of the whole community. . . . It was the duty of the monarch to 'keep ever on the watch,' as the great king (Frederick) expressed it later.

The endeavours of Frederick the Great to improve the economic condition of Prussia cannot be sufficiently estimated. . . . He gave equal attention to trade, industry, and agriculture."

Adolf Beer, *Allgemeine Geschichte des Welthandels* (2nd Abtheilung, p. 457, quoted by Dawson, *Bismarck and State Socialism*, p. 17).

³ "Work adapted to their strength and capacities shall be supplied to those who lack means and opportunity of earning a livelihood for themselves and those dependent upon them."—Dawson, *B. and St. Soc.*, p. 19.

in government action. Wagner calls the whole movement "rather a direction than a school."¹ It is a wave of opinion, too powerful and far-reaching to be called a school, which has influenced German policy more or less for thirty years, and seems likely to continue to do so for many years to come. >

¹ In conversation with Dawson; *B. and St. Soc.*, p. v.

SECTION III

THE CHARACTER OF OTTO VON BISMARCK

BEFORE tracing Bismarck's share in this movement it will be best to try to form some conception of the man. As his life went on his character grew and his views developed, but he had lasting characteristics which it is best to examine before following him through the various scenes of his life and stages of his opinions. A political movement may be complicated, but a man's character is more complicated and still harder to understand. And Bismarck is even harder than most men. His brain is said to have weighed between a third and a half as much again as the average, so perhaps he had room in it for a greater variety of traits than most of us. Stout remarks: "The mental life of such men as . . . Bismarck . . . forms a far more systematic unity than that of the man in the street."¹ This may be true: there may be more systematic unity in a sonata than in a popular song; but it is harder to trace, as it is embodied in a greater variety. It is possible, however, to pick out a few leading characteristics.

In the first place, his was an essentially practical as opposed to a theoretical mind. Generally speaking, mankind is divided into two groups, those who trust thought and those who trust experience. Bismarck belonged to the second group. His experience was enormous, and his power of observation and memory equally great, so that he benefited from it to the utmost; but "everything idealistic, abstract, doctrinaire he

¹ *Manual of Psychology*, p. 85.

hated like poison."¹ With his rapid mind and great experience he summed up a situation very quickly; he was a man who thought and acted rapidly, and disliked the long deliberations and laboured arguments of others. His mind was essentially for the concrete; he cared little for abstract principles or their embodiment in political parties.² He clung to no one party; he often abandoned or temporarily waived his views.³ He was, in a sense, an opportunist in politics; but he was not playing for his own advantage, but for Prussia first, and later for the Empire. His ideas and his affections were equally concrete. The only abstract things he cared about, if we can call them abstract, were his country and the monarchy. The first is hardly abstract; most of us either think of our country under the form of places and individuals we have personally known, or else personify it. Bismarck's devotion to the second was probably strengthened, during the greater part of his life, by his personal affection and respect for William.

We are apt to think that a man like Bismarck, who

¹ "Alles Idealistische, Abstrakte, Doctrinäre war ihm in den Tod verhasst," Schmoller, *Vier Briefe*, p. 8.

² Cf. *R. and R.*, ii. 172. "Of course every group professes to be dominated by the interests of the country and the general welfare, and maintains that the party road is the most conducive to the good of the community. But, as a matter of fact, I have retained the impression that each of our groups conducts its politics as if it alone existed . . . without the slightest consideration for the whole or for foreign countries."

Also cf. ii. pp. 163-4 and other passages in the *R. and R.*

³ Cf. *R. and R.*, ii. 63. "Looking to the necessity, in a fight against an overwhelming foreign Power, of being able, in extreme need, to use even revolutionary means, I had no hesitation whatever in throwing into the frying-pan . . . the most powerful ingredient known at that time to liberty-mongers, namely, universal suffrage, so as to frighten off foreign monarchies from trying to stick a finger into our national omelet. I never doubted that the German people would be strong and clever enough to rid themselves of the existing suffrage as soon as they realised that it was a harmful institution. . . . The acceptance of universal suffrage was a weapon in the war against Austria and other foreign countries in the war for German unity."

carried through important measures and steered his country through a difficult course, involving great wars, apparently caring little what he did in achieving his end, must have been cold, hard, and wrapped up in his one aim. We expect that, intellectually, he would weave his views into one great system, consciously unifying them, while morally he would ignore everything and everybody except the one good he was seeking. Bismarck was the very reverse of this. The concrete mind is far less consciously systematised than the abstract. What system there was, was the system of a well-arranged study. His mind was not a beautiful pattern of opinions, but a storehouse of facts, and he was always able to bring the facts he needed to the surface. And his character was closely parallel to his intellect. Both were very strong, but both had to deal with a great variety of material. Bismarck developed from a wild young student into a high-strung, excitable man,¹ really, though it is often forgotten, of an artistic temperament. He was fond of Shakespeare and Goethe, of music—especially Beethoven, of scenery and out-of-door life. He had moments of longing to give up everything and live quietly in the country. His letters are full of descriptions of scenery, sunsets and mountains.² We hear of his swimming, his riding, his shooting. It is refreshing to think of him, far away from the heat of political life, striding alone among woods and hills. It is said that, when a child at school in

¹ Cf. "I was so nervous and excited when the King of Saxony came (to urge William to attend the Diet of Frankfort) that I could scarcely stand on my legs, and in closing the door of the adjutant's room I tore off the latch" (Lowe, i. p. 315).

"When the king's refusal was finally dispatched, Bismarck relieved his feelings by deliberately smashing a trayful of glasses" (Headlam, p. 195).

² The letters to his wife and sister are almost too full of description to try to pick out illustrations. One or two very brief remarks, however, perhaps reveal this side of his mind most vividly, as when he writes to his wife: "My conscience piques me for seeing so much beautiful scenery without you" (written 1862, quoted Lowe, i. p. 282), or tells her of "yearnings for forest, ocean, desert, you and the children, all mixed up with sunset and Beethoven" (written 1851, quoted Lowe, ii. p. 345).

Berlin, his eyes filled with tears one day when he saw a plough, as it reminded him of home and the country. And he still dreamt of the country when he was a man, when the worries of political life oppressed him. "I used to lie awake," he says, "full of all sorts of thoughts and troubles. Then Varzin would suddenly come up before me, like a great picture, with all its colours fresh—the green trees, the sunshine on the stems, the blue sky above. I saw every individual tree." His account of the circumstances under which Lenbach made the first sketch for his famous portrait is interesting. "We were engaged in conversation," he tells us, "and I happened to look upwards at a passing flight of birds. Suddenly Lenbach exclaimed, 'Hold hard! that will do capitally; keep quite still,' and so forthwith made the sketch."

He was, on the whole, an appreciative man, interested in the places he visited and the life of the people;¹ taking a friendly interest in servants and the poor people he came across. What he did not appreciate was "mankind" in the abstract, which he despised, especially people of his own rank, and "society" generally, which he criticised rather cynically. He could be grateful and appreciative, however, when he felt people were friendly and kind.² In his views about the society of various places, both his likes and his dislikes were as strong as in other departments of life. It is probably because of his dependence upon experience that Bismarck had so little understanding of, or intimate sympathy with, the working man. He could not get inside his mind and think his thoughts. His

¹ For descriptions see *Letters*, collected by Maxse, p. 62; Hungarians, p. 70; West Friesland, p. 88.

² e.g. he writes to his wife, 1851: "Frankfort is terribly dull. I have been so spoiled with so much affection around me, that I now see how ungrateful I have ever been to many people in Berlin,"—Maxse, p. 31.

Also from St. Petersburg he writes: "They are very kind to me here" (Lowe, p. 245), and he is always appreciative of everything and everyone in that city.

contempt for men of his own rank, on the other hand, was the result of his own conscious ability. Probably before his exceptional ability was evident to himself and others, he was much more charitable to the faults and stupidities of the world. True to his artistic temperament, he was a charming companion, a very good talker, and a humorist. It is unlikely he would have been so attractive and popular in his youth, when men judged him by his behaviour not by his fame, if he had despised every one. Attractive manners are seldom the result of breeding alone; if a man's heart is very sour and cynical it is almost sure to affect his behaviour.

However little he cared for "mankind," Bismarck cared intensely for certain people—his wife, his children, his sister, one or two friends, and his half-friend, half-master, the Emperor William. Although his political life kept him constantly away from his family it never caused a breach. In 1854 Frederick William said in anger that Bismarck's domestic life was worth more to him than the whole kingdom.¹ In 1874 William wrote to congratulate him on his silver wedding day, saying: "Among all the many gifts of fortune which Providence has chosen for you, for both of you domestic happiness stands above all else. . . . Through all your labours you have found joy and refreshment in your home, and that it is which preserves you for your difficult calling."² It is not every man who can live as full and exciting a life as Bismarck, constantly away from home, unable to confide all his anxieties to his wife even by letter because of the necessary secrecy of diplomatic life, and yet let nothing come between her and himself. His affection for his sister, Frau von Arnim, was also remarkable; the brother and sister seem to have been close friends all their lives, writing frequently and fully

¹ *R. and R.*, i. p. 161.

² *Ibid.*, ii. pp. 320-1.

to each other, and never drifting apart in spite of the different lives they were leading.

Like many of the most lovable people of history then, Bismarck had a nature full of strong emotions. But we see in him the disadvantages, as well as the advantages, of the emotional temperament. Emotions are not all good. He said himself that his hate was as necessary to him as his love.¹ The lower feelings also may run riot, and then there is sensuality. He was an enormous eater, drinker, and smoker. It almost seems that he was too much alive to the joys of the senses to be able to discriminate. He had no dislike to coarse stories and talk. His fondness for gambling, however, he was able to check, as "high play," he tells us, "was not the thing for the father of a family." There were also great gaps in his field of interest. The emotional nature is, perhaps, more liable to such deficiencies than a nature which takes a calm and dispassionate view of life. We saw his contempt for the average man, and lack of appreciation of those of his own rank with whom he came in contact. He was subject to prejudices against whole classes of men, as, *e.g.* the Roman Catholic clergy, though he thought himself perfectly tolerant in matters of religion. It is also hard to believe that the man who deliberately brought on two great wars had not a certain callousness to pain. We shall return to this subject later, but at any rate he can hardly have thought the individual human life of very much account. It was, probably, chiefly a pose, in reaction against what he thought the over-humanitarianism of modern thought, but he was certainly rather proud than ashamed of his "blood and iron" policy.

Finally, such a nature is very difficult to control and reduce to law and order. The impulsive man has constantly to

¹ Schmoller, *Vier Briefe*, p. 11.

exercise self-control; the man who is naturally calm need not. Bismarck attained a larger measure of self-control by slow degrees; his will power was very great, but the forces that struggled against it were great also. His coldness is not always that of a man who does not feel an emotion, but rather of one who masters it with difficulty. We shall judge him more leniently if we remember this.¹ Much as Carlyle admired him, he was not essentially the "strong, silent" type of man.²

There is much difference of opinion as to the disinterestedness of Bismarck's State Socialistic measures. We shall be better able to judge of this when we examine the history of his adoption of the various measures. Several of the arguments brought against him, however, depend upon traits that we have just considered, so we cannot leave this general sketch of his character without touching the subject. We need not discuss the position of those who believe that a man, who is in any sense a conservative, cannot really care about social reform; the falsity of such a view we have already noticed. But he is also suspected for more personal reasons. It is said that a man who was obviously callous to pain, and proud of a "blood and iron" policy, could not have had real sympathy

¹ Cf. Schmoller, *Vier Briefe*, p. 11. "In den parlamentarischen Debatten mit Lasker, mit Windthorst, mit Richter und den Socialdemokraten hat er oft über Kleinigkeiten, über Dinge, die dem Unbefangenen als Missverständnisse erscheinen müssen, mit einer Leidenschaft gestritten, dass man nicht mit Unrecht sagte, er habe mit Kanonen nach Spatzen geschossen. Sein Feuergeist konnte, wenn er gereizt war, nur mit Donner und Blitz, mit Keulenschlägen und Dolchstichen antworten. Er hätte sich vieles erleichtert wenn er in ersten Moment so ruhig und objектив gewesen wäre, wie er es' nachher werden konnte; oft hat er freilich die Leidenschaft für Monate und Jahre festgehalten. . . . Diese Ausbrüche der Leidenschaft hingen mit seinem tiefen und reichen Gemütsleben, seinem feinen Nervensystem, seiner überquellenden geistigen Lebenskraft aufs engste zusammen."

² "He has a royal enough physiognomy, and I more and more believe him to be a highly considerable man; perhaps the nearest approach to a Cromwell that is well possible in these poor times" (Carlyle).

It may be noticed that Cromwell himself (who once burst into tears in the course of a speech) and most of Carlyle's other "heroes" were hardly in reality the "strong, silent men" he admired so much.

with the hardships of mankind. It is also urged that Bismarck did not really understand any class with which he did not come into personal contact, and therefore could not enter into the experience and character of the factory worker. There is a good deal of truth in this; but it does not prove that he was led by ulterior motives. A man may have a much less violent dislike to actual war than to a state of things which allows the citizens of a powerful state to live squalidly and miserably. He was a man of great physical courage himself, and cared little for the danger of wounds and death.¹ We cannot immediately assume that a man who has no horror of war has no pity for any form of suffering.² But whether he felt strongly for the working man or not, Bismarck certainly felt strongly for Germany. He cared intensely that she should have her house in order. When we arrange a room we are not necessarily caring for the particular pieces of furniture, but aiming at a perfect room. Bismarck was aiming at a perfect State. Besides this, he looked upon the perfecting of Germany as his task or profession. Succeeding in it meant victory in life; failure meant defeat. A surgeon need not feel intense pity for his patient to wish to cure him, and Bismarck was a surgeon of the State, who saw his task before him and set himself to accomplish it.

These motives were, doubtless, mingled with others. State Socialism developed in the mind of Bismarck much as it

¹ When he was shot at in 1866 and slightly wounded, he went home, wrote an account of it to the king, and then he went into the drawing-room among his dinner guests as if nothing had happened, only whispering to his wife: "They have shot at me, my child. But do not fear, there is no harm done. Let us now go into dinner" (Lowe, i. p. 359). Cf. also his duelling.

² Afterwards, however, he began to feel the horror of it. "Had it not been for me," he said, "there would have been three great wars the less; the lives of 80,000 men would not have been sacrificed; and many parents, brothers, sisters, and widows would not now be mourners." Now, too, that the wars were all over he began to call himself "Friedensfanatiker."

developed in his party as a whole. It grew partly, though by no means entirely, from the wish to strengthen the State by giving it power over its citizens, and the desire to find an alternative cry to Liberalism with which to gain the alliance of the working class against the bourgeoisie. It was also an attempt to cure the State of Social Democracy by a kind of inoculation with a milder type of the disease,¹ the "hair of the dog that bit you" remedy.² Our motives are, usually, curiously mixed. To struggle for something that will pay is not incompatible with thinking it the best thing. We are all casuists to some extent; what we want to do soon seems right. The doctor at the present time, who sees that the Insurance Bill will harm his profession, is more likely than another man to see its disadvantages from the point of view of the nation at large. To give another example, it is usually the party which is least powerful in a town that believes most heartily in the harmfulness of the party system in urban government. Our own advantage opens our eyes wonderfully to the advantages of others that lie in the same direction.

Bismarck and his party believed in a benevolent monarchy. To a certain extent they supported the benevolence for the sake of the monarchy in order to induce others to support the monarchy for the sake of the benevolence. But this led them to a real perception of the value of the benevolence. Many of them, indeed, and perhaps Bismarck himself, may have accepted both the monarchy and the benevolence independently, and welcomed the possibility of working them into a

¹ Rae, *Contemporary Socialism*, p. 381.

² Bismarck himself, however, sometimes felt positively grateful to the Social Democrats for having frightened men into action. Cf. his words, quoted Schmoller, p. 34. "Wenn es keine Socialdemocratie gäbe und wenn nicht eine Menge Leute sich vor ihr fürchteten, würden die mässigen Fortschritte, die wir überhaupt in der Socialreform bisher gemacht haben, auch noch nicht existieren."

consistent system. When we call Bismarck an opportunist, we mean not so much that he did everything that would help his work of binding together the Empire and strengthening the State, however bad he thought it in itself, but rather that when he saw that a measure would further this purpose his eyes were immediately opened to its good side.

SECTION IV

BISMARCK'S CAREER AND OPINIONS UP TO 1881

We must now trace the history of Bismarck's social views. We shall find at any rate that he did not adopt them as a temporary expedient, to tide the monarchy over particular difficulties. Whatever his motives, he had for a great many years a permanent State Socialistic policy.

Although he belonged to the class of the country gentry, Bismarck did not come of an exclusively royalist and conservative stock. His family was a very old one in the Old Mark of Brandenburg, conspicuous up to the time of Frederick William I. not for loyalty but rather for the reverse; though later it provided the Crown with many useful servants. His mother was not of noble birth. She was the daughter of a well-known Liberal statesman, the cabinet councillor Mencken. The atmosphere in which he grew up, therefore, was not pervaded exclusively by any one set of opinions. He tells us that his preparatory school gave him "German-National" opinions; while, when he finally left school in 1832, he was "a normal product of our State system of education . . . with the persuasion that the republic was the most rational form of government" though with "innate Prussian monarchical sentiments."¹ In fact his head seems to have been on the side of republicanism and a united Germany—ideas which were then closely interwoven, his heart on that of monarchy and Prussia. On entering the University of Göttingen, his head triumphed, and

¹ *R. and R.*, i. p. 1.

he joined the association of students which aimed at national unity, the "Burschenschaft." He resigned his membership before long, however, although his private opinions were still "national," partly because of the extreme views held in the society, partly because his aristocratic young soul was revolted by the manners of its members, who gave him "the impression of an association between Utopian theories and defective breeding."¹ While at college, first at Göttingen and afterwards at Berlin, he seems to have acquired a great deal of information, in spite of his reputation for wildness; but his political views remained in a fluctuating condition. During this time he made one lasting friendship, that with Motley.

In 1835 Bismarck entered the civil service, which is in Germany the ladder to a diplomatic career, for which he was intended. After about four years, however, one of which was spent in military training, one of the family estates needed his attention, and he gave up everything else and entered upon the life of a country gentleman. From 1839 to 1847 he lived in the country, far away from the affairs of State. He still kept, and apparently deserved, the reputation for wildness created in his college days. When, early in 1847, he became engaged to Johanna von Puttkammer, whom he married in August of the same year, the proposed marriage with the "mad Bismarck" is said to have caused her mother great alarm. He was also conspicuous, however, for the amount he read, studying especially Spinoza. He travelled sometimes, and visited both England and France. In 1844, for a very short time, he tried to return to the official life but soon abandoned it again. We cannot be sure of his political views during this period of his life. His friends are said to

¹ *R. and R.*, i. p. 2.

have thought him a liberal, but a very little liberalism would have been enough to go a long way among the Prussian squirearchy; the word seems to have been used to mean mainly discontent with the bureaucracy. He became intimate, however, with a certain Herr von Thadden, the leader of a strong orthodox Lutheran movement, and met at his house many of the founders and leaders of the Prussian Conservative party, and future writers in the *Kreuz Zeitung*. Here, too, he met Roon, afterwards "the one breast that could feel for him,"¹ in his own words.

We are therefore not surprised that, when in 1847 he was sent to the United (Prussian) Diet in Berlin as a substitute for a member who was ill, he soon found himself in conflict with the Liberal Opposition. He felt that some of the speeches on that side were over-violent and some sentimental, while "the king was on the right track, and could claim to be allowed time and not hurried in his development."²

The events of 1848 finished the work of converting Bismarck into a strong Conservative. When Frederick William for the moment threw in his lot with the Revolution, he was in despair. Almost alone in the Diet he opposed an address thanking the king for his concessions. But there were others who sympathised with him — a "small but powerful party," as they called themselves. At this time they founded the *Kreuz Zeitung*, which became a very influential organ of extreme Conservatism.

At first this group of men could not have much influence; "for a monarchical party must depend for its success on the adhesion of the king."³ In October, however, encouraged by the overthrow of the revolutionary government in Vienna,

¹ Schmoller, p. 17: "einzig fühlende Brust."

² *R. and R.*, i. p. 20.

³ Headlam, p. 50.

Frederick William determined to call a new ministry which should restore Prussian affairs to something like their old condition. It was proposed that this ministry should include Bismarck, but the king was not ready to go as far as this in the direction, as he thought, of reaction. He wrote at the side of the paper containing the suggestion, "Only to be employed when the bayonet governs unrestricted."¹

A new Government was formed and, by the help of the troops, the revolutionary Assembly was broken up. Bismarck stood for the new Assembly and was returned. His opinions at this time may be learnt from the following striking passage in his speech opposing the amnesty to those who had fought in the Revolution : "The strife of principles which during the year has shattered Europe to its foundations is one in which no compromise is possible. They rest on opposite bases. The one draws its law from what is called the will of the people, in truth, however, from the law of the strongest on the barricades. The other rests on authority created by God, on authority 'by the grace of God,' and seeks its development in organic connection with the existing and constitutional legal status. . . . The decision on these principles will come not by Parliamentary debate, not by majorities of eleven votes; sooner or later the God who directs the battle will cast His iron dice."²

In after years Bismarck said "I was a terrible Junker in those days." Certainly events had driven him into an extreme Conservatism which he modified greatly in later life. They had caused him to identify himself more fully with one particular party than was natural to a man who later claimed that his party consisted of the Emperor William and himself, and

¹ *R. and R.*, i. p. 55. Another less trustworthy version runs: "Red Reactionary, with a scent for blood, to be used later."

² Headlam, p. 53.

that he had never belonged to a "faction." But it does not seem that he afterwards regretted the general outlines of his early policy. When in 1849 Frederick William received the offer of the imperial crown, Bismarck was strongly opposed to its acceptance, and he never regretted the king's refusal. The unity which he desired and ultimately gained for Germany was not a merging of Prussia in the whole as it would have been at that time, but a spreading of Prussia, and of that for which Prussia stood, over the whole, especially the power of the Crown. What he did regret later was not the results of his policy, but the strong party spirit which guided it.¹ He was always strongly conservative in sentiment; in fact, as we have seen, the State Socialistic views which he afterwards adopted are closely bound up with Conservatism. But in spite of this he soon ceased to be tied to any party. The more his aim was centred upon the building up of a German Empire of the type he desired, the more he became a political freethinker on all minor matters.

This concentration of his aim may have been partly the result of the circumstances of his life from this time onward. In 1851 he was appointed Prussian representative at the Diet at Frankfort. When a man is away from his native land he often loses his narrower party views; and Bismarck's position at Frankfort was such as to make him work and care for Prussia's relations to other States rather than for her internal development. It was also such as to plunge him into the politics of Germany as a whole, and thus to crystallise his views as to the future he desired for her. Besides this, far

¹ Cf. *R. and R.* i. p. 63. "When I note the conditions, both personal and material, in the Prussia of those days, as not ripe for the assumption of the leadership of Germany in war and peace, I do not mean to say that I then foresaw it with the same clearness that I see it to-day. . . . My point of view with regard to the matter was not essentially different from that of a member of a parliamentary group to-day, based on attachment to friends and distrust or enmity towards opponents."

away from his friends and in a political society which disgusted him, both with the underhand methods and the narrow views of its members, he became increasingly self-sufficient politically, a party in himself.¹

When he first went to Frankfort, Bismarck does not seem to have put German unity under Prussia before him as a definite aim. At any rate he did not adopt the anti-Austrian policy which he afterwards saw to be the only way to achieve this end. Almost at once, however, he began to try to raise Prussia into a position of equality with Austria in the Diet; and this soon became a race for power with the latter State. He began definitely to aim at an Austro-Prussian war and to look about for allies in Europe.

It is often forgotten how constantly Bismarck went backwards and forwards to Berlin during his Frankfort days. It was not so much that the king valued his advice on matters of State as that he used him to play off against his other ministers.² But the development of Bismarck's political views is shown by his refusal to hold office under Frederick William.³ While this king ruled, Prussian policy was dictated by a

¹ "What one meets here . . . is nothing other than mutual distrust and espionage; and then if there were only anything to spy out or to conceal! Nothing but miserable trifles do these people care about. . . . I know very well what we shall have arrived at in one, two, or five years' time, and am prepared to reach the same result in twenty-four hours, if only the others will be truthful and sensible for one single day. . . . No one, not even the most malicious democrat, can form an idea of the charlatanism and self-importance of our assembled diplomacy" (*Letter to his wife, 1850*. Maxse, p. 313).

² "The king frequently sent for me to frighten the minister (Manteuffel) when he could not agree with him. In one year I did 2000 German miles in journeys between Frankfort and Berlin."—*R. and R.*, i. p. 139.

³ I never had the courage to profit by the opportunities which this very amiable gentleman several times gave me . . . to become his minister in the years 1852-1856. . . . From the way in which he regarded me I should have had no authority in his eyes, and his rich fantasy lacked wings as soon as it ventured on the domain of practical resolve; while I lacked the accommodating disposition which would enable me to take over and represent as a minister political tendencies in which I did not believe."—*R. and R.*, i. pp. 305-6.

craven fear of the "Revolution." Except when led by either cowardice or madness in 1848, he was a conservative of the most stationary type. He would embark upon no enterprise whatever, not even to strengthen his position or extend his sway. This meant that he clung to the friendship of Austria; and Bismarck knew that the king would never be anything but a dead weight on his efforts.

In 1858, however, the king's mind failed, and his brother William became regent. This was the beginning of a bolder policy and of the real power of Bismarck. He was not indeed called to the ministry until a year after Frederick William's death in 1861; he even left Frankfort to be ambassador first at St. Petersburg and afterwards at Paris, but all the time his influence at Berlin was great.

William's policy was bold enough; in fact, from Bismarck's point of view, he tended to waste his energy and the patience of his people. In spite of his own strongly monarchical sympathies, Bismarck was obliged to dissuade him from an attempt to change the constitution. His army policy, on the other hand, he strongly approved as a needful preparation for war, although it led to a great constitutional conflict at home. In 1862 the king felt the need for a thorough reform of the Prussian army, but the House refused the necessary money. In despair the king thought of abdicating, but he first consulted Roon, who said: "Appoint Bismarck Minister-President." Thus Bismarck came into office.

The first ten years of his ministry were spent in building up the German Empire. We cannot consider this momentous time at length. It began with the great constitutional conflict over the Army Bill, in which, with the help of the Conservative party, Bismarck was victorious. This was followed by three great successful wars, the Danish, the Austrian, and the

French, brought about largely by his means. These, with intermediate steps, such as the founding of the North German Bund in 1867, led to the union of Germany in the Empire in 1871. The first half of his life work was accomplished, and he was ready to start upon the second, the perfecting of the Empire by an improvement of the social conditions under which its citizens lived.

SECTION V

THE DEVELOPMENT OF BISMARCK'S SOCIAL VIEWS

BISMARCK's social views did not spring up all in a moment; he had expressed a belief in the responsibility of the State even in his old Junker days. Speaking in the Prussian Diet in 1847, he said: "I believe I am right in calling that state a Christian state which seeks to realise the teaching of Christianity. . . . Our state has not succeeded in doing this in all respects." The one particular type of state interference then advocated by Bismarck and his "small but powerful party" was the restoration of the guild system. He spoke in favour of it in the Diet in 1849. It was meant to help the "Handwerker," or independent artisan, in his struggle against the new factory system, and it was therefore strongly opposed by the capitalist manufacturers and all the bourgeois classes. It was in connection with this movement that Conservatism and the belief in state interference and a corporate rather than an individualistic type of society first began to be allied. It was a doubly "socialistic" movement, in that it involved not only state interference, but also interference on behalf of societies. This first attack on "laissez-faire," however, was destined not to be successful. It was a reactionary movement; and a lasting reaction against the Industrial Revolution was impossible. The inventions which had led to the new methods of industry could not be lost again; nor could the greatly increased population be supported without them. All attempts to preserve the old system were therefore of little

use. This, rather than as Bismarck supposed, "the Liberalism of the Official," made the laws in favour of guilds, although passed, unavailing. Although, however, Bismarck's real work in after years dealt with the modern factory operative rather than the "Handwerker,"¹ he continued to approve of state intervention and of the modern institution which, in a sense, corresponds to the guild, namely, the trade union. Of the guild itself, moreover, he made great use later when he brought in his insurance measures.

There was one other "socialistic" measure which we know Bismarck advocated in these early days. In 1847 he spoke and voted in the Diet in favour of granting a State loan to a railway, and it is certain that he very soon, if not then, was in favour of the nationalisation of the railways.

During his time at Frankfort we saw that to a great extent Bismarck shook himself free of his party. All through "the conflict time" and the great wars, he continued to use it, but he ceased to be led by it. His social principles were therefore able to develop freely. They were, as we have seen, those we should expect a very enlightened and far-seeing conservative to accept, and several of the most influential of the old group adopted similar views. There was, however, a right wing of Conservatism that they left far behind.²

In 1862 Bismarck visited England, where he was much impressed by the co-operative movement. After he came into office he immediately began to show his interest in social problems.

¹ Cf. Herkner, p. 486: "Nicht mehr die Handwerker, sondern die Fabrikarbeiter waren es, die das sozialpolitische Interesse Bismarcks . . . in immer wachsendem Masse erregten."

² Cf. Herkner, p. 486, note: "Thun (*Industrie am Niederrhein*, i. p. 181) hebt mit recht hervor, dass die Periode conservativer Herrschaft in den 1850 und 1860er Jahren sich durch eine absolute Stagnation in der Gesetzgebung und Verwaltung auf dem Gebiete der Arbeiterfürsorge gekennzeichnet habe."

In 1863 he demanded an examination of the labour question, and created a commission to discuss it, together with the law of combination; although the Minister of Commerce, Itzenplitz, agreed with the old economists that there was no question to discuss. Trade unions and freedom of combination were defended by two other members of the old Conservative party, Wagener and Blankenburg, both friends of Bismarck. We find him at this time considering possible means of regulating rates of wages. In 1865 a deputation of Silesian weavers asked for an audience with the king; and Bismarck not only obtained it for them, but persuaded William to lend them money to found a co-operative factory. When blamed for this, he quoted the words of Frederick the Great: "Quand je serai roi, je serai un vrai roi de gueux."¹

The next year he brought up the question of the unemployed and the possibility of finding them work, and in 1860 he demanded interference to alleviate the distress in East Prussia.

It would be interesting to know how much he was influenced by his conversations with Lassalle during the years immediately preceding the death of that remarkable thinker in 1864.²

¹ "I ask you," he said, "what right had I to close the way against those people? The kings of Prussia have never been by preference kings of the rich. Frederick the Great said when Crown Prince: 'Quand je serai roi, je serai un vrai roi des gueux.' He undertook to be a protector of the poor, and this principle has been followed by our later kings. At their throne suffering has always found a refuge and a hearing. Our kings have secured the emancipation of the serfs, they have created a thriving peasantry, and they may possibly be successful—the earnest endeavour exists, at any rate—in improving the condition of the working classes somewhat."

As to the granting of the money, he said: "I should have thought that thanks were due to the powerful monarch who, at his own sacrifice, attempted, when face to face with a difficult problem of the day, to learn by experience the conditions necessary to the prosperity of a Productive Association, and on what rocks it most runs the risk of being wrecked with us. . . . I was the adviser, and I do not think I have given bad advice" (Dawson, p. 31).

² He acknowledged in 1878 the possibility of having been influenced by Lassalle in his views on co-operation. "It seemed to me," he said, "and perhaps the impression was conveyed to me from Lassalle's reasoning or perhaps by my

Each of the two men seems to have had a great admiration for the other.¹ This acquaintanceship is a sign of Bismarck's width of mind, which he could explain away by refusing to consider Lassalle a Socialist, as he did in later years when accused of having had dealings with the Social Democrats.²

The Chancellor's actual achievements in social legislation did not follow immediately upon the founding of the Empire. But he began in the very same year (1871) a long and full correspondence with the Minister of Commerce, Itzenplitz, whose views on these subjects were diametrically opposed to his own. Once, it is said, Itzenplitz accumulated seventeen of his letters before replying. It is evident that the whole subject was greatly on Bismarck's mind. We begin from this time to see how much he was influenced by the need for a countermove to the Socialists. He combines his policy of reform with one of repression. It is sometimes argued that the reform was only the jam which he used to induce the nation to accept the powder of his repressive policy.³ But it

experience gathered during my short stay in England in 1862, that a possibility of improving the working man's lot might be found in the establishment of Productive Associations, such as exist and flourish in England."

¹ "Lassalle was one of the cleverest and most agreeable men I ever met—a man of lofty ambition, by no means a Republican, but animated by strongly marked national and monarchical feelings. His ideal, which he strove to realise, was the German Empire, and that was one point of contact between us" (Lowe, ii. p. 136). And on the other hand Lassalle said: "Even if we came to exchange pistol shots with Herr von Bismarck, common justice would compel us to admit that he is a man, while the Progressives are old women" (Lowe, ii. pp. 435–6).

² "I can assure you that I never had any business transaction with a Social Democrat in my life, nor a Social Democrat with me, for I do not reckon Lassalle as having belonged to that category. He is a much nobler character than any of his satellites; he was a remarkable man, to converse with whom was highly instructive" (Lowe, ii. p. 437).

³ Schmoller (p. 31), gives this quotation from one of the letters to Itzenplitz, showing his programme: "Die Regierung müsse (1) denjenigen Wünschen der arbeitenden Klassen—das Wort in dem schießen, aber gäng und gäben Sinne verstanden—welche in den Wandelungen der Productions-, Verkehrs-, und Preisverhältnisse eine Berechtigung haben, durch die Gesetzgebung und Verwaltung entgegenkommen, soweit es mit allgemeinen Staatsinteresse verträglich sei; (2) die staatsgefährliche Agitation durch Verbots- und Strafgesetze hemmen, soweit es geschehen könne, ohne ein gesundes öffentliches Leben zu verkümmern."

✓ seems probable that he really desired the reforms in themselves, and gave them a strong "preventive" colouring partly in the hope of converting Itzenplitz.¹

In 1872 Bismarck's long alliance with the Conservative party as a whole came to an end. It became increasingly clear that the policy of inaction maintained by the greater part of that party made it impossible for him to work in close connection with it. The estrangement began as early as 1868, when the Conservative party opposed a government bill. There were several other causes; even the conferring of the title of "Prince" upon Bismarck in 1871 served to cast fuel upon the fire, for the Junker class from which he sprang grudged him his elevation above them. But Roon, in a letter to his son in 1868, puts his finger upon the real reason of the estrangement and the only conditions which could make a reconciliation possible. "The party must at last understand," he writes, "that its ideas and tasks of to-day must be essentially different from those of 'the conflict time.' It must be, and become, a party of conservative progress, and abandon the policy of the drag."² Unfortunately it did not "abandon the policy of the drag"; so Bismarck's "conservative progress" had to be won without its aid. By this time there existed in the House, besides the extremer Progressives, who were opposed to Bismarck's policy both at home and abroad, a National Liberal party. As far as international affairs were concerned, the Government came to depend increasingly upon

¹ A second quotation from his letters (Schmoller, pp. 31-2), seems to suggest this. "Eine Einmischung der bestehenden Staaten in die socialistische Bewegung ist so wenig gleichbedeutend mit dem Siege der socialistischen Doktrin, dass mir vielmehr die Aktion der gegenwärtig herrschenden Staatsgewalt als das einzige Mittel erscheint, der socialistischen Bewegung in ihrer gegenwärtigen Verirrung Halt zu gebieten und dieselbe insbesondere dadurch in heilsamere Wege zu leiten, dass man realisiert was in den socialistischen Forderungen als berechtigt erscheint und in dem Rahmen der gegenwärtigen Staats- und Gesellschaftsordnung verwirklicht werden kann."

² *R. and R.*, ii. p. 159.

this party, who by no means shared the non-intervention policy of the Progressives. In social matters, however, Bismarck began to express opinions diametrically opposed to those of individualistic Liberalism. He had long been in favour of the nationalisation of the railways, and he now began to work, though unsuccessfully, for an imperial railway system. The question of state monopolies was also in his mind. He tells us that he had decided in favour of a tobacco monopoly by 1867, though he did not express his opinion till 1878.

On one extremely important subject, also, Bismarck developed new views at this time. He became a Protectionist. He maintains that this was not a change of view but a growth of opinion where formerly he had none whatever.¹ But at any rate since 1855 Prussian legislation had been moving further and further in the direction of Free Trade and Bismarck had not interfered, and now in 1878 he brought forward a protective scheme. In abandoning Free Trade he gave up one of the favourite doctrines of what we may call the liberty school.

The development of Bismarck's social views at this time may have been largely due to his coming in contact with the Historical School of economists. In 1874, two years after the founding of the Verein für Social Politik, he showed his interest in their movement, by sending his friend Wagener together with Rudolf Meyer to its Conference. For the next few years he seems to have been greatly under the influence of this school of thought.² It is from this time that the

¹ When charged with having had secret Protectionist views when he first became minister, he said, "I should be proud if, as alleged, I had had 'economic tendencies' of any kind in 1862; but I must confess to my shame that I had none at all" (Dawson, p. 51).

² Cf. Laveleye, p. 105: "Il choisit maintenant ses conseilleurs en matière économique dans la gauche extrême des Katheder-socialisten."

economists and the politicians begin to come together and "State Socialism" in its complete form grows up.

About the year 1876, however, Bismarck's views on one important branch of legislation seem to have altered considerably. He by no means abandoned the idea of state action in the industrial field; in fact in 1878 he made a remarkable speech in favour of governmental experiments, defending his grant to the Silesian weavers in 1865, and contemplating further action of the same kind in the future.¹ He began, however, to set his face against a most important branch of State Socialistic legislation which he had previously advocated. In 1873 he had ordered inquiries to be undertaken into the labour of women and children, with a view to state regulation.

Now he turned round and opposed all factory legislation, although advocated by the "Socialists of the Chair." It is largely owing to him that even to-day Germany is behind England in legislation of this kind. He opposed it on the ground of the danger of increasing the strife between employers and employed which was already great. Besides, it was a time of serious unemployment, when many families were living upon the earnings of women and children, so that it appeared impossible to limit their labour without causing great distress. Bismarck seems, too, to have gone through a period of reaction against the power of bureaucracy. Most of all, however, he was beginning to feel that the real need of the people lay elsewhere. What they needed most urgently, he thought, was security of maintenance in sickness, accident, invalidity, and old age, and, if possible, unemployment. His social aim

¹ "We make experiments," he said, "in agriculture and manufacture; might it not be as well to do so with respect to human occupations and the solution of the social problem? . . . When I have time and opportunity, I have decided to renew the attempts."

thus became concentrated on this one great project. And with the exception of provision against unemployment, the most difficult, though perhaps, under modern conditions, the most necessary, of all, he gained what he desired for the people.

SECTION VI

THE HISTORY OF WORKMAN'S INSURANCE IN GERMANY UP TO 1881

THE principle of mutual insurance was by no means a new one. In South Germany there was a system in the parishes of sick relief of servants and dependent labourers, which was based upon the insurance principle. And there were also, especially in the north, a great many benefit societies of different kinds. "Hülfeskassen," the nearest equivalent to the English friendly societies, were very few and far between; but there were several other types. Even the battle over the question of state compulsion had been raging for some time before Bismarck came forward with his scheme. We must examine, first, the most important type of society, which served as model afterwards when the State came to form societies. We must then look at the state of opinion in the country, and the extent to which benefit societies were prevalent in the years just before Bismarck's measures.¹

The most remarkable societies were those among the miners in the Harz Mountains. These "Knappschaftskassen," as they were called, had existed ever since early in the sixteenth century. At first they were entirely in the hands of the workpeople, who bore the entire cost. The men of

¹ Cf. U.S.A. Report of the Commissioner of Labour for 1909. In Germany "this policy was not regarded as a break with previous traditions, but was considered rather as a logical development of institutions for the care of disabled workmen made necessary by the change in conditions brought about by modern industrial methods."

each mine were, as a rule, separately organised; so that there was a group of independent societies. The rates of contribution and relief varied considerably; in some there was a regular scale,—anyone seriously injured, for instance, being allowed a sum equal to eight weeks' wages; in others it was rather "to everyone according to his needs."¹

As time went on, the system was more and more unified. Two extremely important changes also occurred. The first was the beginning of the co-operation of the masters with the men. Through all their later history, each society was managed by a committee consisting half of masters and half of men; and both contributed, the employers paying in the whole sum and deducting each man's share from his wages. In the second place, in the time of Frederick the Great membership became compulsory.

The process of unification was completed under the new conditions of the nineteenth century. The greater concentration of capital meant that many of the mines came under one management; and thus it became impossible for each to have a separate society of its own. There was, therefore, more centralisation. The forms of the benefit were also modernised; money which had been used for such pleasant, though not strictly necessary, purposes as marriage-gifts now going to improve the sick-pay.

A mining law of 1867, which followed upon the recent increase of Prussian territory, made further reorganisation necessary. After great opposition from the societies, which disliked all interference, statutes still further modifying and unifying the societies were passed in Prussia in 1869. The

¹ "We give to the sick, injured or needy a compensation according to his necessities and according to the amount of funds on hand" (*Brooks*, p. 40).

Even as late as 1861 money was put aside for any need "that should excite the sympathy of the brothers" (*Ibid.*, p. 41).

system was now uniform, though each society still managed its own funds. The contributions were increased, but the benefits were also improved. They consisted of—

- (a) A permanent pension in case of invalidity.
- (b) In case of death, a permanent pension for the widow, unless she married again.
- (c) Help towards the education of the children of members who had died or were invalidated, up to fourteen years of age.
- (d) Doctor's care and medicine.
- (e) Sick-pay.
- (f) Burial-money.

The Knappschaftskassen were not the only societies managed upon the basis of mutual insurance. Among the others, perhaps the most notable were those formed by the guilds. In England the mediæval guild system was already weak under the Stuarts. But in Germany the old industrial, like the old agricultural, system survived until it was profoundly modified by the legislation of Stein and Hardenburg at the beginning of the nineteenth century; when the serfs were freed upon the country estates and industry in the towns was freed from the monopoly of the guilds. Many of the guilds, however, continued to exist in the older towns, in occupations still carried on by skilled handicraftsmen in their small shops; and about 1845 there was a reaction in their favour, and new trade laws appeared. In these are to be found clauses recognising two types of sick association, the guild and the apprentice society. Guilds are allowed to form sick, burial and relief societies. We see the beginning of state compulsion, though as yet, for the most part, it is only theoretical, in the provision that all but the higher grades of workmen, who fail to join some society, shall account for this before the authorities. It is improbable that this regulation was ever carried into

effect. In many parts of the country this law, like the further one in favour of the guilds passed in 1849, remained a dead letter.

Soon after this began the conflict between the principles of compulsion and freedom. In 1854 a law was passed still further protecting the guilds, but at the same time providing for the establishment of new societies in certain trades according to local regulations. These were compulsory, and the employers were obliged to pay half the subscription. Some other states, such as Brunswick and Saxony, went further than Prussia, and extended the obligation to join some society to all employers.

By the time of the formation of the North German Confederation in 1867, however, the policy of the Government was more "liberal" and, therefore, individualistic. An Act in this year, and a second in 1874, removed much of the element of compulsion, and appealed instead to voluntary association. There were at this time about 5000 societies created under the Act of 1854, as well as a number of private relief societies in the factories, and about 2000 connected with the guilds.¹ With the slackening of compulsion, the growth in societies and their membership, that had been rapid, immediately began to slacken.

In the year 1874, however, there was a serious business crisis and much lack of work. We have seen how this led Bismarck to abandon his scheme of factory legislation, and to

¹ U.S.A. Report, 1909. "In the decade prior to the introduction of the compulsory insurance system, there existed in Germany a multitude of organisations, part of them very old and part new, some compulsory, some voluntary, some local, some national, some mutual, and some based on other plans; some of them were connected with special establishments, such as special mines, railways, &c.; some were connected with trade unions, many with guilds."

adopt in its place an Imperial system of workman's insurance as a definite programme. The same cause, and the discontent to which it gave rise, led a section of the Conservative party to the same conclusion.

Two attacks by Socialists on the Emperor's life in 1878 increased the feeling of the need for some measure to allay the discontent; and in that year and the next a small party of Conservatives in the Reichstag came forward in favour of old age and invalidity insurance. The Government answered indecisively, but on the whole favourably;¹ and the Emperor gave expression to similar opinions. It was not, however, till some time afterwards that, in November 1881, the Reichstag opened with a speech from the throne which has been called "the monument of the new political era," a "solemn political testament,"² which made it clear that William personally desired an Imperial insurance system, and that he and Bismarck were working together to obtain it. The essential passage of the message is as follows:—"We have expressed our conviction that the cure for social ills is to be sought, not exclusively in the repression of social democratic excesses, but likewise in the positive furthering of the labourers' welfare. . . . We should look with greater satisfaction on all the successes with which God has visibly blessed our Government, if we could once take with us the consciousness of leaving behind us to the Fatherland new and lasting pledges of its internal peace, and to the needy greater sureness and abundance of the assistance to which they have claim. . . . With this intention the

¹ The minister Hofmann said: "The Government accepts the theory that the working man who has become incapacitated through age, or in consequence of his work, should not be a burden upon the public, but should be provided for by other institutions. It is, however, difficult to say how." (Dawson, p. 116.)

² Brooks, p. 47.

draft of an Act upon the insurance of workmen against accidents in factories, laid before the allied Governments in the previous session, will be modified . . . in order to prepare for renewed deliberation upon it. A supplementary bill will be issued for the uniform organisation of the industrial sick associations. But those also who are disabled from work by age or invalidity have a well-grounded claim to greater care from the State than has hitherto been their share. To find the proper means for such care is a difficult but also one of the highest tasks of every community which rests upon the moral foundations of a common Christian life."¹

The Act on insurance against accidents, here referred to, had been brought before the country in March of the same year; and although a sickness insurance bill was now associated with it, provision for accidents was still felt to be more immediately important. The old system of sick benefit societies had been good as far as it went, however inadequate it might now be thought; but the defective law as to liability for accidents had caused much active discontent. And to that subject we must now turn.

Up till 1871 there had been no general provisions making employers responsible for injury sustained by their workpeople, except on the railways. Even here evasion of the law was constant, through "contracting out" or other means. In this year an Employers' Liability Act was passed, extending to all kinds of labour in factories and mines or on railways. This made employers responsible, in the case of all injuries not due to the workman's own fault, for loss of wages, medical expenses, and, in case of death, compensation to dependants and funeral expenses.

¹ Brooks, p. 45.

During the years that followed the passing of this Act there were constant lawsuits between masters and men on the subject. This was felt to be a cause of ill-feeling between the classes. Also it was rightly believed that the workman, who could not easily afford legal help, was at a disadvantage, and was often unable to defend himself when accused of having caused his injury by personal heedlessness. Besides it was frequently impossible to say where the fault lay. Some trades are far more dangerous than others. A man working, for instance, at a circular saw may injure himself through slight carelessness, while men engaged in many other occupations may be far more heedless every day of their lives without harm. In this case the fault is as much with the trade as with the man. These problems aroused a great deal of popular interest during the 'seventies, and there were constant demands in the Reichstag for amendment of the law. Now, however, a solution was to be sought along new lines, not by altering the existing law, but by incorporating provision for accidents in the national insurance scheme.

The *Begründung* accompanying the first Accident Insurance Bill gave expression to its motives, both of benevolence and of political expediency.¹ Their "Socialism" called forth great opposition, and the Bill was rejected by the Federal Council. A dissolution followed, and the parties which supported Bismarck were returned in greatly reduced numbers. It was

¹ "The non-propertied classes . . . must . . . be led to regard the State not as an institution contrived for the protection of the better classes of society, but as one serving their own needs and interests. The apprehension that a Socialistic element might be introduced into legislation if this end were followed should not check us. As far as that may be the case, it will not be an innovation but the further development of the modern State idea, the result of Christian ethics, according to which the State should discharge, besides the defensive duty of protecting existing rights, the positive duty of promoting the welfare of all its members" (Dawson, p. 111).

at the opening of the new Reichstag in November that the great message was read from the throne. This just turned the scale in Bismarck's favour. The Accident Bill was postponed; but, after long discussion, the Sickness Insurance Bill was passed by 117 votes eighteen months later, in May 1883, and became law.

SECTION VII

SOME PRINCIPLES INVOLVED

THE greater part of the discussion in the Reichstag had turned upon the principle of compulsion. Many arguments were advanced in its favour. It was shown that, if insurance were voluntary, those employers who adopted it would be handicapped in the struggle against their less public-spirited rivals who did not choose to spend money, time, and energy in this way. As with many other reforms, such as the early closing of shops, many men would be delighted to carry them out if only compulsion could be brought to bear on their neighbours to do the same. One who holds back can throw great difficulties in the way of all the rest. Then, too, the workers in the most dangerous or unhealthy trades, who needed the insurance most of all, would be unlikely to be helped by a voluntary system. They would, in many cases, be men of a class living largely from hand to mouth and unlikely to insure themselves ; while the risks that they ran would make the expense, if they or their masters wished to undertake it, very considerable. But, in fact, from Bismarck's point of view the whole essence of the scheme was absolute compulsion. The chief difference between the two great schools of thought, which we have called socialistic and individualistic, turned on the question : Shall a man be saved in spite of himself or shall it be left to

his own free will? Bismarck, whether consciously or not,¹ belonged, in the main, to the former school.

The other principles involved did not cause quite so much controversy, but it will be interesting to consider them before we examine the Bills themselves. The first was universality. It is true the sickness and accident laws, when first passed, did not include agricultural labourers and seamen and a few other classes of workers somewhat different from the ordinary industrial employee. But over the industrial world as usually understood they were quite universal; and, from the first, Bismarck intended to extend the measures to include the other classes.² It was not a parallel case to the recent English Trade Boards' Act, which dealt only with industries in which unusual abuses existed. It was a case for general legislation, not for picking out a few small classes of people.

Although the Bills were, in the main, socialistic, the more individualistic ideal of self-help was not utterly neglected. The incorporation of all the existing societies in the scheme, although partly a measure of expediency to win over their members, was also a sign of respect for past individual effort. The societies were not to be necessarily all of one type in the future. No attempt was to be made to reduce them to one dead level. As a matter of fact, all types of society are not work-

¹ Probably half-consciously—*cf.* his remark (quoted Dawson, p. 109): “ You will be compelled yet to add a few drops of the social oil to the recipe you prescribe for the State; how many I cannot say.” He constantly declared, as we have seen, that many measures which might be called “ socialistic ” were needed by the State, although he never labelled himself with any party name. On one occasion he said: “ If that (relief works, &c.) is communism, I have no objection to it at all, though with such catchwords we really get no further ” (Dawson, p. 119).

² *Cf.* his words in support of the Accident Bill, March 15, 1884: “ We do not intend to disregard the other branches of industry; we only desire to guard against the danger indicated by the proverb that ‘ better is the enemy of good ’ ” (Dawson, p. 117).

ing equally well under the Act, and some will probably drop out; but this—with the single exception of the friendly societies—is rather the result of circumstances than the intention of the legislators. The friendly societies have long been discouraged by the Government, and were given conditions under the Act which made their future existence very difficult, though most of them were still carried on through the energy and devotion of their members.

The provision that most kinds of sick association are to be managed by a committee consisting of equal numbers of employers and employed was a sign of respect for the ability and energy of both parties. It was also hoped that it would have an educational value, and would pave the way for a better understanding between masters and men, by causing them to meet constantly over the duties now entrusted to them in common.

The adoption of the contributory principle was no mere accident. It was the method of the Imperial system not only because it had previously been that of the voluntary societies. It was believed that, by this method, men could receive relief without lessening their self-respect and independence of spirit. If they contributed, however much help they received, they would still be "standing upon their own legs." In this way, it was thought, not only would the state gain pecuniarily through the relief of the poor rates,¹ but men who would otherwise have come upon the rates would be saved from the moral degradation this so often involved.²

¹ "The end I have in view is to relieve the towns of a large part of their poor law charges." (Bismarck, April 1881, three days before the first reading of the Bill.—Brooks, p. 253.)

² "A workman," it was urged at the time, "recovering from an illness at all serious seldom fails to lose courage, as well as to become degraded by his contact

The objection was brought forward that the workman merely received his own back again, and thus gained nothing from the law; inasmuch as, it was argued, the employers' share would eventually come out of the pockets of the workman. This was denied by many of the supporters of the Bill; while others argued that, even if the workman ultimately bore the whole of the cost, it was to his advantage to have money which he might have wasted upon luxuries, such as drink, taken from him to be returned at a time when he sorely needed it. The most sanguine even hoped that this compulsory saving might be of advantage as teaching habits of thrift.

The third of the acts, that concerning insurance against old age and invalidity, laid part of the burden upon the State. This strikes a more state-socialistic note. By making the individual more dependent upon the State, Bismarck believed he could make him more loyal to it.¹

The three Insurance Acts, then, embodied an attempt to

with an official charity, which puts upon him the stamp of pauper" (Brooks, p. 49).

¹ Cf. Bismarck's speech with which he introduced this Act in 1889. "Ich habe lange genug in Frankreich gelebt, um zu wissen, dass die Anhänglichkeit der meisten Franzosen an die Regierung, die gerade da ist, und die jedesmal den Vorsprung hat, auch wenn sie schlecht regiert, aber doch schliesslich auch die an das Land, wesentlich damit in Verbindung steht, dass die meisten Französen Rentenempfänger vom Staat sind, in kleinen oft sehr kleinen Beträgen; . . . Die Leute sagen: wenn der Staat zu Schaden geht, dann verlieren ich meine Rente; und wenn es 40 Franken im Jahre sind, so mag er sie nicht verlieren, und er hat Interesse für den Staat. Es ist ja menschlich natürlich. . . . Wenn wir 700,000 kleine Rentner, die vom Reiche ihre Renten beziehen, haben, gerade in diesen Klassen, die sonst nicht viel zu verlieren haben, und bei einer Veränderung irrtümlich glauben, dass sie viel gewinnen können, so halte ich, das für einen ausserordentlichen Vortheil; wenn sie auch nur 115 bis 120 Mark zu verlieren haben, so erhält sie doch das Metall in ihrer Schwimmkraft, es mag noch so gering sein, es hält sie aufrecht. . . . Ich glaube dass, wenn Sie uns diese Wohltat von mehr als einer halben Million kleiner Rentner im Reiche schaffen können, Sie . . . den gemeinen Mann das Reich als eine wohltätige Institution anzusehen lehren werden" (Herkner, p. 489).

increase the well-being of the people by the "socialistic" means of state interference, without undermining their individual self-dependence and self-respect. Before we consider the extent to which they succeeded in this aim, we must briefly examine their main provisions.

SECTION VIII

THE PROVISIONS OF THE THREE ACTS

THE Act for insurance against sickness which became law in 1883 provides for sick associations or funds of seven kinds. Of these the Miners' (*Knappschaftskassen*), the Guild (*Innungskrankenkassen*), and the Factory (*Betriebskrankenkassen*) Sick Associations and the Friendly Societies (*freie Hülfskassen*) were, as we have seen, old institutions. Three new kinds were created, one specially for certain classes of builders (*Baukrankenkassen*), and two others, both very large and important, the Local Associations (*Ortskrankenkassen*), and the Communal Funds (*Gemeindekrankenversicherung*).¹

All salary or wage earners (except those engaged for less than one week), working with their hands in factories, mines, or quarries, on railways or river steamers, on wharves, or at building or any of the mechanical trades, had to be insured in one of these societies, as well as other employees (such as clerks) whose earnings are not above forty marks a week. By the amendments of 1892, commercial employees (except apothecaries) and clerks and similar officers employed in the administration of these Acts, in law-courts and lawyers' offices, in the postal and telegraph service, and the administration of the army and navy were included unless provision had already

¹ The Communal Insurance, and also the Builders' Societies, will come to an end, however, on the first of January 1914, under the Insurance Consolidation Act of 1911 (see p. 68 below), and at the same time a new type of society, the Rural Association, will be created.

been made for them. A commune or group of communes might extend the working of the Act to include several other classes, of which the most important were home-workers, casual workers, domestic servants, and agricultural labourers. The amendments also allowed the communes to give the right to become voluntary members to all persons earning less than 2000 marks a year.

The Associations or Funds may be divided into three very distinct types. Communal insurance stands by itself. It is hardly an association in the same sense as the rest. It grew out of the South German parochial insurance already mentioned. Into the Communal Funds are paid the contributions of all those who do not belong naturally to any of the other associations ; and they are managed by the Communal authorities without the assistance of a Joint Committee.¹

All other associations, with the exception of the friendly societies, are administered by a Joint Committee of masters and men. The largest of these are the local sick associations, which are usually established separately for each of the chief trades in a locality, though some exist which include more than one trade. They are growing rapidly in importance, being popular with the workmen, since they feel a greater independence in belonging to one of them than to a separate factory club.² A factory club may be established by any employer with more than fifty workpeople, and under special

¹ See previous note.

² Excluding the miners, the percentage of workmen in each class was :—

In 1885, Local,	35.7;	Communal,	13.7;	Factory,	29.4.
,, 1908,	.1;	"	12.7;	"	26.
,, 1885, Building,	.3;	Guild,	.6;	Friendly,	20.3.
,, 1908,	.1;	"	2.1;	"	7.7.

It will be seen that the local societies have increased at the expense of almost all the others.

circumstances he may be obliged to do so. If the work carried on is especially dangerous, this compulsion may be exercised even in the case of employers with less than fifty workpeople. The building of roads, canals, and railways is a trade with special dangers and irregular employment. The employers, or in some cases the contractors, were therefore obliged to form separate Building Associations.¹ Miners in all cases have their own societies. When an employer is a member of a guild, his workmen must join the guild association, unless they belong to a friendly society. If he is not a member of a guild, they become at once members of the association proper to the place and trade,—unless, in this case also, they prefer to belong to a friendly society. The employers of all the insured workmen, except those in friendly societies, are bound to deduct the amount of the workmen's contribution from the wages and to pay it in to the proper fund.

In the case of all save members of the friendly societies, two-thirds of the total contribution is paid by the workman, and one-third by the employer. Friendly societies receive nothing from the employers. They are "free" societies, entirely managed by their members. If a man belongs to a friendly society and can prove it by producing his ticket, he need join no other association. This is on condition that they give benefits at least as great as those provided by the Communal Fund. One would expect them to find some difficulty in doing this by their unaided subscriptions, but as a matter of fact their benefits are usually comparatively high, and this seems to prove that they spend less in administration than any other type of society.

Workpeople who insure themselves under the Commune do

¹ See note above, p. 59.

so at a cost of between 1 and 1½ per cent. of the average wages of ordinary labourers. The employer deducts this from the wages and adds half as much again himself. The benefits allowed are 50 per cent. of the average wage of labourers for thirteen weeks, with medical care and medicine.

The employee's subscription to the local, factory, guild, building, and mining societies is from 2 to 3 per cent. of the wages of the trade, and here too the master adds half as much again. The amount is higher than would be paid to a communal fund, but the benefits are also greater. They vary considerably, but include a sick pay of from half to three-quarters of the wages for thirteen weeks, with the same to insured women for a certain period at child-birth,¹ and burial money to the amount of from twenty to thirty times the average daily wage.

If the sick person consents, he or she may be taken to an hospital; and this must be done in the case of homeless persons or certain infectious diseases, or when special attention is required. The sick pay is then not given unless there is a dependent family.

The Act for insurance against accidents followed in the next year (1884). This, with the amendments of the year after, extended to almost exactly the same classes as the sickness insurance Act, with the exception of certain of the building trades, which, however, were included by an amendment in 1887. Other amendments, however, extended the Act to two classes not then necessarily insured against sickness—agricultural labourers in 1886, and seamen in 1887.

¹ By the Act of 1884 the maternity benefit was for three weeks after confinement; by those of 1892 and 1903 for four and then for six weeks after confinement; by that of 1911 for the eight weeks of compulsory cessation of work, of which six follow confinement.

For the first thirteen weeks disablement caused by an accident is treated as an ordinary case of sickness; after that time it falls under the provisions of this Act. This means that for thirteen weeks the employer bears one-third of the cost, and then the whole expense falls upon him. Responsibility for accidents was felt to be one of the reasonable expenses of industry, and this was thought to be a fair division of the burden as between employer and employed.

The compensation from the fourteenth week onward consists of two-thirds of the wages of the injured man until he is again able to work. If able to earn a portion of his usual wage, the compensation is in proportion to his loss of earning capacity. It also includes medical care either at home or in a hospital, the conditions being the same as under the sickness insurance. In the case of fatal accidents, twenty times the daily wages, with a minimum of 30 marks, is paid to the survivors, and a pension of 20 per cent. of the wages to the widow, *plus* 15 for each child (or 20 if the mother is dead), and 20 to parents or grand-parents if dependent upon the insured person, up to 60 per cent. for the whole family.

As the funds come entirely from the pockets of the employers, the latter have the whole management of the associations, under the supervision of the Imperial Bureau which the Act called into existence. They are obliged to form themselves into associations, either according to district or trade. The contributions are adjusted each year according to the previous year's expenses. These vary very greatly in the several associations, since the cost of administration is much larger, in comparison to the number involved, in some associations than in others. This is partly owing to bad management and partly to the inevitable difficulty of working the small associations as cheaply as the large ones.

Each association makes rules providing for the fencing of machinery and other precautionary measures, and can fine employers who do not carry them out. If it is thought best, those employers who do not comply can be placed under a "danger scale" with heightened contributions.

The applications for compensation come up before boards of arbitration. One of these boards exists for almost every association. Each consists of a president and a vice-president, who are government nominees, two representatives of the employers, and two of the workpeople. These latter are elected by representatives of the workpeople chosen for the purpose by the whole body insured by the association. These same representatives share also in the election of two of the members of the Imperial Bureau.¹ This is the final court of appeal in case of dispute, and came into existence under this Act. It also supervises the whole administration of accident insurance. It consists of a chairman and two other permanent members, chosen by the Emperor with the confirmation of the Bundesrath, besides eight non-permanent members, four chosen by the Bundesrath out of its own number, and four representing the various trades. Two of these last are workmen chosen by their representatives, and two are employers chosen by the committees of the associations. Some of the states, such as Bavaria and Wurtemburg, have bureaus of their own; the Imperial Bureau serves the rest.

The Act for insurance against old age and invalidity followed four years later (1888). This was wider in its scope than either of the former Acts. It includes almost all earners of wages amounting to less than 2000 marks yearly. It may

¹ This bureau was created in 1884 to take charge of the accident insurance. It was given further duties in connection with invalidity; and recently (1911) it has been given the supreme control of the machinery for sickness insurance.

be extended to sub-contractors and to men working upon their own account. State officials and soldiers and people with pensions equal to those under the Act are excepted, and so are persons unable to earn an average wage equal to one-third of that of an ordinary labourer. In every case the work must be sufficiently regular to allow the man to make the necessary contributions, or the pension is forfeited. Thus a certain number of the miserably poor do not benefit by this bill, but almost everyone who earns a regular wage is included. The contributions begin at the age of sixteen, and must be paid for thirty years of forty-seven weeks each to give a right to the old-age pension. The contribution during military service is paid by the State. Periods during which such pay is being received are also free from contribution. The invalidity pension (as distinguished from the old-age pension) may be claimed after five years, but is raised in amount for every additional week of contribution.

Workmen were divided into four classes; and both the contributions and the aid received varied according to the class. All men earning up to 350 marks yearly fell into Class I., those between 350 and 550 into Class II., those between 550 and 850 into Class III., and those earning more than 850 marks into Class IV.¹ The contributions, which are paid half by the employer and half by the workman, are adjusted every five years so as to cover all expenses after deducting the amount paid by the Government, namely fifty marks yearly for every pensioner. They were at first fourteen, twenty, twenty-four and thirty pfennigs weekly, according to the class.

The employer is responsible for paying in the whole sum,

¹ A fifth class was afterwards added for those earning above 1150 marks a week. This has caused a certain amount of re-arrangement of benefits, &c., throughout all classes. The figures given refer to the Act when first passed.

which is done by affixing special stamps issued for the purpose to a card for each man, and sending these when full to one of the appointed offices.

The old-age pension is given at the age of seventy, without any requirement as to health. It consisted at first of 106.80 marks yearly in Class I., 135 in Class II., 163.20 in Class III., and 191.40 in Class IV. The invalidity pension is given at any age, after five years of contribution have passed, if a man is unable through ill-health to earn more than one-third of his usual wage. It is forfeited if the injury is self-inflicted purposely, or resulted from misconduct such as fighting or excessive drinking. The minimum pension was, in the beginning, 115.20, 124.20, 131.40, or 141 marks, according to the class. This is raised for every week over the five years of regular contribution by two pfennigs in Class I., and six, nine, and thirteen pfennigs respectively in other classes. It will be noticed that the invalidity or disability pension is in many cases higher than the old-age pension. If, as is usual, a man over seventy is unable to earn more than a third of his wage when in good health, he is permitted to choose the disability instead of the old-age pension.

If a man dies before receiving his pension, half the sum of his subscriptions, that is to say, the portion he paid himself, is returned to his wife or children under fifteen years of age. If a widow who is insured dies without having enjoyed a pension, this same sum is paid to her children under fifteen. The survivors in both cases forfeit this sum if they are receiving a pension under the Accident Insurance Bill. An insured woman also who marries receives back her share of her contributions. In all such cases the return is subject to the contributions having been paid for at least five years.

The Act is administered by Government insurance institutions (*Anstalten*). There are thirty-one of these for the whole of Germany. Certain other organisations may be treated as equivalent to these, and receive the Government grant; such are those connected with the miners' associations and the state railways. Each man who does not belong to one of these is insured in the insurance institution of his district. Attached to each institution is a committee consisting of an equal number of employers and employed. The latter are chosen chiefly by the officers of the sick associations. Each committee elects four members—two employers and two employed—for a board of arbitration, presided over by a state or town official. Honorary officers, called "men of trust" (*Vertrauensmänner*), must also be appointed to assist in the carrying out of the Act. These also must represent both the workmen and the employers.

When a man claims a pension he must give notice to a local office in the place in which he lives. With his notice he must send his receipt card showing the extent of his contributions, and any documents which prove his claim. Invalidity is far more difficult to prove than old age. The local authorities must obtain the opinion of the *Vertrauensmänner* of the district on all claims for an invalidity pension, and must also inform the managing boards of any sick associations to which the claimants belong, so that they may express their views if they wish to do so. They must then send their report of the case, with all the information they have gathered, to that insurance institution to which the claimant last contributed; where the matter may again be examined by the committee if it is thought necessary. An appeal from their verdict to the

Board of Arbitration is allowed, and a further appeal to the Imperial Insurance Bureau, which is the final court.¹

Such were Bismarck's great measures. Curiously enough, almost immediately after his retirement, their author turned round and attacked them, and even denied his personal responsibility, professing to have given them only a lukewarm adherence. Considering how soon this was after the days when he supported them "usually with passion, often with vehemence," it is best to look upon this as a sign of the pessimism and hopelessness of mood which was the natural consequence of his dismissal from office. If, after carrying through a difficult piece of work with tremendous energy, a man is suddenly thrown upon the shelf, the reaction which often follows the accomplishment of a great task is increased by his chagrin and the unaccustomed leisure which gives him time to brood.

The nation, however, has never repented of its experiment. On the contrary, it has continually widened the scope of the Acts by amendments, and finally, in July 1911, by the Insurance Consolidation Act, the most important clauses of which come into force on January 1, 1914. Under this Act the sickness insurance is extended to several large classes not formerly insured against sickness except in certain communes, domestic servants, agricultural labourers, home and casual workers; while the salary limit of the accident insurance for works' officials and foremen is raised to 5000 marks. Still more significant perhaps is the Insurance Law for Salaried Employees (*Angestellte*), passed with very little opposition in December 1911. This was in response to an agitation for invalidity insurance among clerks, teachers,

¹ Under the Insurance Consolidation Act of 1911 (see below) the details of the administration of Accident Insurance have been somewhat modified, in consequence of a further unification of the whole insurance system.

and others in receipt of a somewhat higher salary than those affected by the earlier Acts. All such employees will now under this Act be insured against invalidity from the 1st of January 1913. This seems a conclusive proof of the success or, at any rate, of the popularity of invalidity insurance.

We must not deny that history has already shown many defects in the working of the legislation. The real interest, for us, however, is not whether the German Acts have flaws, but whether the principle of legislative provision for sickness, &c., in general, and the method of compulsory insurance in particular, can be made to work for the good of the people. The first attempt at something entirely new is unlikely to be perfect; its originators have no experience to work upon. We in England were in the middle of the industrial revolution almost before we knew what was happening, and thus we made mistakes in industrial methods which other countries, profiting by our example, avoided. Similarly, in this new direction Germany cut the first track, and even her errors have been of use in teaching other countries what to avoid. The question is no longer German merely; it is European, and may become world-wide. If the principle is a good one, therefore, not one nation but many owe a debt of gratitude to Bismarck.

Most of the chief countries of Europe have already introduced some sort of provision for sickness, accident, and old age into their legislation. This does not always take the form of insurance: old age pensions are given in Denmark and Great Britain on a non-contributory basis; and many countries provide against accidents by a Workmen's Compensation Act without compulsory insurance. On the other hand, some nations have adopted the method of giving State aid to voluntary insurance. But the whole movement, even when it does

not take the German form, is largely the result of German action. State Socialism, in principle if not in name, has caught hold of the minds of men.¹ A German individualistic Liberal said in 1893: "The truth is, we (Liberals) are out of the game, and others are to play it who will have none of our principles."²

¹ The legislation already passed is as follows:—

Austria . . .	Compulsory Insurance	Accident, 1887.
	do. (salaried class and miners only)	Sickness, 1888.
France . . .	Compulsory Insurance	{ Old Age and Invalidity (present form, 1906).
	State-aided Voluntary Insurance	Old Age and Invalidity (by degrees, 1894-1908).
		Sickness.
		Unemployment, 1905.
	Workman's Compensation Act.	
Belgium . . .	Voluntary Insurance, with State guarantee	{ Old Age General Savings and Retirement Fund.
	do. Unemployment Insurance in some towns, especially Ghent.	
	Workmen's Compensation Act	1903.
Denmark . . .	State-aided Voluntary Insurance	Sickness, 1893.
	Workmen's Compensation Act	Unemployment, 1907.
	Old Age Pensions (not Insurance)	1898.
Italy . . .	Compulsory	{ 1891.
	State-aided Voluntary	Accident, 1898 (extended 1903).
Norway . . .	Compulsory	Old Age and Invalidity, 1898.
	State aided Voluntary	Accident, 1894.
Sweden . . .	Workmen's Compensation Act	Sickness, 1909.
	State-aided Voluntary	Unemployment, 1906.
	(Compulsory Old Age and Invalidity in State railways, telegraphs, &c., only.)	1901.

² Brooks, p. 90.

SECTION IX

GERMAN AND ENGLISH LEGISLATION COMPARED

THE whole movement touches us nearest in its development in England. Our discussion of Bismarck's work, therefore, falls into several divisions. We must glance, first, at some of the errors of detail which have revealed themselves in the working of the German law, and at the way in which these have been put right in England. Secondly, we must consider how far the policy of compulsory insurance is a right one, with the reasons why England has used this method in dealing with sickness and invalidity, while she has departed from it in her measures providing for accidents and old age. Finally, we must attempt some sort of judgment of the movement as a whole, weighing the attacks that have been made upon it as well as the arguments that have been brought forward in its favour. Bismarck's aim was to raise the standard of life in the mass of the population and to make the nation at large more contented and loyal to the State. We want to decide how far these aims were achieved in Germany, and how far either or both of them may be expected to be achieved in England; and also what other consequences, good or bad, may be looked for.

We need not linger long over the minor German errors. It was found, for instance, that suffering was caused by invalidity insurance being under a separate administration from

that against sickness ; since, when the sick pay came to an end, people were frequently obliged to apply for parish relief before the invalidity pension could be awarded. The class distinctions under the last of the three Acts, and in a less marked form under the first, were also felt to be a mistake. In England, therefore, under the Sickness Insurance Bill, the benefit is always the same ; for, though those who earn very small wages (up to 15s. a week) pay smaller contributions, their employers are obliged to make up the difference ;¹ this has the additional advantage of taxing the employment of badly paid labour. Another flaw in the German Acts, which we have tried to remedy, was the restriction they placed upon emigration, since, by settling out of the country, all hope of return for subscriptions already paid vanished. Our remedy is not very effective at present ; it is merely a provision that if a man moves to a foreign country or to a colony and joins an association there similar to the English "approved societies," the value of his membership shall be transferred. As such societies grow up in various parts of the world, this clause will become increasingly valuable.

The fact that we have the German experiment to build upon has also made it possible for us to be more daring and to extend the insurance more widely than Bismarck did. All employed manual workers, together with all non-manual employees earning less than £160 a year, are insured against sickness. It will be noticed that not only are several important classes, such as domestic servants and agricultural labourers, thus included who were originally omitted in the German Sickness Insurance, but the general wage limit is much higher.

¹ There is one exception—women earning up to 9s. pay 1d., and the employer only 4d. To make up the whole difference he should pay 5d.

Besides this, the benefits are better on the whole,¹ though they vary so much in Germany that it is difficult to compare.

The most fundamental difference of all, however, which amounts to a difference of principle, is the greater room for individual initiative in the administration of the English sickness insurance Act. We have seen that an effort was made to retain this element under the German legislation. It has been found, however, that the large variety of societies and amount of local management originally allowed entail much expense, and the future history of these acts will probably include development in the direction of centralisation. The Insurance Consolidation Act of 1911 was a significant step, and it is likely that the rural societies which will come into being under that Act in 1914, in the country, and the local societies in the towns, will press every other association more and more into the background, and finally drive them out of existence. In Germany the State naturally drifts into administering everything itself. One can hardly walk the streets without feeling that it is a more bureaucratic country than England. Individual effort is there a valuable old curiosity which it is desirable to preserve if compatible with the more crying need for state responsibility. In England, on the other hand, government intervention is looked upon as an unpleasant measure which is sometimes unfortunately necessary for a good end. Instead, therefore, of giving the friendly societies the disadvantageous terms they suffer under in Germany (which would indeed have been impossible in this country where their power is so great), they have been treated as the type to which new associations must more or less conform. Any

¹ For the first 13 weeks the sick-pay is 10s. for men, 7s. 6d. for women; for the second 13 weeks and invalidity pension 5s.; and there is no distinction whatever as to wages or length of contribution.

society may become an "approved society" which gives the benefits required and fulfils certain conditions as to funds and administration, and each man is absolutely free in his choice of a society. The State has the management of the post-office insurance, which gives such inferior terms that it will only be used as a last refuge by those who cannot obtain admission elsewhere. It also has the supervision and regulation of the approved societies, but as much as possible is left to these to work out for themselves. In Germany the management of the friendly societies is cheaper than that of any other form of organisation ; so we may hope that our type of independent action may not be very expensive. And it will achieve the end of providing the compulsory insurance with the minimum amount of bureaucratic action. The Fabian Society has criticised the Insurance Bill as not really socialistic ; but to most Englishmen this is an advantage. We have the less reason to regret the greater individualism of the English administration, inasmuch as it is generally admitted that German measures have largely failed in at least one of their aims, that of contenting men with the powers that be and showing them the advantage of a paternal Government.

This English dislike for bureaucracy would probably have been enough, in any case, to prevent us from introducing an Accident Insurance Bill instead of the Workmen's Compensation Act of 1906. As a matter of fact, however, few of the countries of Europe have adopted compulsory insurance as a means of dealing with accidents, and that Germany did so was mainly due to the fact that, as the need of provision for sickness and for accident came before the country at very much the same time, it was natural to deal with them in somewhat the same way. As a matter of fact, the difference in working is not quite as great as it appears at first sight.

In Germany the master is bound to insure against his workmen's accidents ; in England he is bound to pay compensation, and usually finds it wise to insure in a company. The English method throws the responsibility entirely upon the employer ; he does not escape two-thirds of the expense for the first thirteen weeks, as in Germany ; this is perhaps the chief real difference. There is a considerable advantage in leaving insurance voluntary and thus throwing its administration upon the ordinary insurance companies ; it avoids all difficulty as to the division of control as between masters and men. It is interesting, nevertheless, to notice that the German Accident Insurance Act has made one type of bureaucratic interference less necessary than in England. The rules made by the employers' associations for the fencing of machinery, with the penalties for disobedience, make the inspection of factories, which is not at all well carried out in Germany, of less vital importance.

The English Old Age Pensions Act of 1908 was also independent of the method of insurance. A reason assigned was the desirability of avoiding the difficulties of administration and the growth of officialism which it would have entailed. It is curious here to notice that in this case more officialism would have made more self-help possible. The State, for the sake of avoiding a too rapid increase in the number of its paid servants, in reality took upon itself a greater amount of responsibility than in Germany, for it bears the whole expense. It is a striking example of the difference between real and apparent action. The more the State manages to efface itself in England, the more it will be allowed to undertake.

Provision for sickness, however, was too large a matter to lift bodily on to the shoulders of the State. No amount of difficulty in administering the Insurance Bill is enough to

outweigh the advantage of the contributory method. The value of making their individual responsibility clear to men by levying a contribution from each is enormous. Even now the bill is attacked as tending to pauperise the people; but a state-paid, non-contributory pension in time of sickness would deserve this accusation to a much greater extent.

SECTION X

INSURANCE AND SELF-HELP

WE thus come to the attacks which are made upon the whole movement of provision for sickness, &c. The chief of these is the danger of pauperising the people which it is said to involve. But before we consider the whole subject of pauperisation, a very important question, which is closely related to it, must be examined. This is the problem of malingering. We may differ as to whether it is well to provide for men when they cannot work, but we are all agreed as to the evil of tempting them to stay away when it is not really necessary. A great deal of "malingering," that is to say, "shamming sick," more or less conscious, has undoubtedly gone on in Germany. This does harm physically, as those who wish to be ill often become so; it is a very great economic drag, as it means that the funds are used to support those who are not in real need; and the moral harm that it does is obvious. Although there are cases to-day of men remaining longer at work than is wise, even when they are in a very infectious stage of consumption, the evil of working when unfit is less than that of staying away on every slight provocation.

It is possible that this danger will be fought more successfully in England than in Germany. We have been forewarned, which is one great advantage. A great deal of the most careful thought will be given to this subject by medical men and others. Besides this, we have two great advantages over Germany. The medical profession is not in the least in awe

of the Government. A German doctor is said to be somewhat afraid of attacking the Government; it is thought to be imprudent.¹ His English colleague seems rather to enjoy it. Besides this, in England the Government is somewhat less afraid of Social Democracy. We have not passed the laws to soothe the anti-governmental feeling of the nation. We shall, therefore, be able to carry them out with less laxity. No craven fear of making the Act unpopular with the working classes will prevent us from treating with severity a doctor who is suspected of allowing men to claim sick pay with insufficient cause. In fact, to a very great extent it will be the working men themselves, through the officials of the approved societies, who will exercise the supervision. Besides this, the whole medical profession will be on its guard against breaches of professional honour. The agitation against the Bill has served a useful purpose in drawing the profession together, and it will be able to do a great deal against malingerer if all its members act in common.

One is inclined, indeed, to think that the danger of malingerer would be less, and the amount of good done by the Bill greater, if the invalidity pension were given, as in Germany, to all those who cannot earn more than one-third of their average wage, instead of being restricted to those who earn nothing. Many men who are unfit for regular work can earn a few pence by some occupation which will make their lives more interesting and self-respecting. If the pension is forfeited by so doing, the temptation to absolute idleness is enormous.

In our whole judgment of the Act it is almost impossible to avoid bias, individualistic or socialistic. Most of all is this the case in our conclusions as to the pauperisation of the people

¹ Cf. Graham Brooks, in *Econ. Journal*, ii. p. 310.

and the undermining of their independence and initiative which legislation of this kind is often accused of promoting. We are here confronted not only with a difference in the estimate of facts, but with different conceptions of moral values. Those who signed the Minority Report of the recent Poor Law Commission presumably think independence is of little importance compared with the suffering and other evil consequences which come from leaving men to stand on their own feet. To those who urged that the Poor Law or its future equivalent should not wait to be sought, but should seek out those in trouble, and insist on ministering to them, dependence is evidently not a moral failing or step in the downward direction. For the strong to help the weak seems their obvious duty ; for the weak to refuse what is freely offered looks like false pride. Why should men be independent ?

It is true that with some people independence is carried so far that it is doubtful whether it is not a sin. Those who "keep themselves to themselves" are not the most admirable of all mankind. The one thing that many of us cannot give to those we do not care for is gratitude. It is easy to love our enemies, if it only means acting so as to put them under an obligation to us ; it is hard to let the obligation be on our side, and it is a much severer test of good fellowship. And it is possible to be over- as well as under-provident. The French peasant, for instance, whose power of making a little money go a long way is proverbial, is almost too "canny." Too great caution is apt to lead to hardness. The improvidently early marriages and large families which resulted from the old Poor Law at the end of the eighteenth century were, it is true, a misfortune to the country ; but it may be doubted whether the small families in France to-day and among the most independent classes in this country, as, for instance,

among superior artisans and clerks, are in the long run better for the world. There is such a thing as excessive thriftiness, a sort of panic dread of fall in the social scale or dependence upon one's neighbours.

And yet we know the evil consequences of dependence in the past, as, for instance, under the old Poor Law, or in cities where almshouses and other charities abounded, whose bad effects may still be seen. Without such evidence we might well believe the bitterness and hatred upon the one side, and callousness to the suffering which is around us upon the other, which may come from leaving those in misfortune to their own efforts, to be greater moral evils than the dependence of one upon another, which arises from lavish assistance.

Here, as in many other cases, the ideal is a mean. The difficulty is to know on which side of this mean England now stands. Some of our "charities" certainly do harm, and teach men to cease to depend upon themselves. On the other hand, however many such institutions there may be, the population in our great cities is so large and closely packed together, that many suffer without coming into touch with anyone who can help them. We talk of the sturdy independence of our ancestors; but we are apt to forget that these ancestors lived together in comparatively small communities, rich and poor near together. There were no such great districts, inhabited almost entirely by the poor, as parts of our modern cities. This seems to make a mass of uncared-for suffering and squalor the greater danger.

But, after all, there are different ways of giving help; and the promoters of insurance legislation maintain that it does what is necessary and yet is far less pauperising than our present methods of Poor Law and private charity. In the first place, it will take away all feeling of shame, since men will be

receiving back that to which they have a right and have contributed. It is possible to maintain that it is removing an element in the struggle for existence, and thus making life smoother than is good for the human being ; it is not possible to say with any truth that it is teaching men to depend upon others. To depend upon the Poor Law is certainly weakening, to get into the habit of seeking aid, even from so well managed an institution as the Charity Organisation Society, is not a good thing, and one or two applications often grow into a habit ; but to remove one of the anxieties of life by giving men an absolute right to provision in time of sickness is a very different matter.

The amount of anxiety and struggle in life which is for the good of mankind is a second debated question. It does not coincide with the problem of dependence and independence, for a man may live largely on charity and yet have a very anxious existence ; in fact, it is the intermittent and uncertain charity which does the most harm. We all know that some struggle is necessary ; that the very ease with which the inhabitants of tropical countries can live has prevented them from making progress. On the other hand, the excessively hard conditions of the arctic regions has made civilisation there equally backward. On the whole, it seems that those who are most afraid of making the people too comfortable are not acquainted, in any intimate way, with the lives of the poorer part of the population. We do not wish to get rid of all the chances and changes in life, but a large section of the population is constantly living under circumstances which are too perilous to be morally healthy. Too much danger of misfortune in life is weakening rather than strengthening. Those who live on a volcano are apt to resign themselves to fate and live from day to day.

The failure to cope with circumstances once may make a man permanently unfit to do so in future. It is therefore possible that insurance legislation may make men more rather than less fit to fight the battle of life: and this in two ways. Before a family has lived under very squalid conditions it will struggle with all its might to avoid doing so. When it has once done so, it finds it is possible to endure it, and in future gives way more easily. Poverty may not only mean suffering: with the selling or pawning of household treasures much that humanises life is lost, and the struggle against dirt and squalor may be abandoned. This result does not always follow: many heroic battles against it are fought and won; but the temptation to give way is more than we ought to allow our fellow-citizens to bear. We must also remember that still worse moral effects may follow and that "drink is the shortest way out of Manchester." The first time of sickness of the breadwinner, like the first committal to prison, which proverbially leads to a second, may lower the whole standard of comfort and decency in a household.

To lessen rather than remove the difficulties of life may, by increasing a man's power to cope with them, increase his effort to do so. It is possible for many a man to save enough to make the difference between extreme poverty and comfort when added to his sick-pay, when it would be impossible to lay by enough to provide for his whole support in time of illness. Any savings that the average man can make are so small in comparison with the whole cost of an illness that he is apt to be discouraged if they are his only support. If he is sure to have to depend on luck or the Poor Law before he is well again, he is apt to do so throughout. Whether the Insurance Bill will do anything actually to promote saving in this way can only be learned by experience, and, as far as I

know, no one has tried as yet to discover whether the German Acts have had this effect.

It is to be regretted indeed that the legislation in England has gone even beyond that of Germany in providing maternity benefit.¹ Except the very poorest of the poor, everyone can provide for a short illness lasting only a few weeks and expected long beforehand. It is hard to lay by for disease or accident which may never come; it is comparatively easy to prepare for the expected. Fortunately it is only intended to allow what will cover the actual pecuniary expenses of the birth; no attempt is made to reward the mother for her service to the nation. It is well, too, that this is emphasized by enacting that the money shall be spent "in such manner as may be prescribed," which will as a rule mean food or other necessities for mother or child. Many modern measures are attacked as undermining family life, but few seem so dangerous as anything which seems to turn the duty and privilege of bringing a child into the world into a matter for which money reward may be claimed. Even the thirty shillings given under the Act seems a great deal to the very poor. One woman, on hearing of the provision, is reported to have said that she wished she could have a baby every week.

Secondly, without exaggerating the dependence of the character on bodily health, every improvement of the health of the nation is likely to improve its "moral fibre." The fact that the body is not meant to lord it over the spirit, and many noble lives are led in very frail bodies, must not make us despise physical health. The contempt for material things is a heresy into which the most "spiritual" people are apt to fall: they forget that the very fact that we wish to put the

¹ Maternity benefit is only provided in Germany for insured women, *i.e.* wage-earners; in England it is also provided for the wives of insured men.

body into the position of a servant ought to make us want it to be as serviceable as possible.

We have lately become rightly alarmed about the health of the nation. The growth of the great towns and the modern industrial system have startled us with their bad effects. They led to outbreaks of disease, and, still worse, to a general lowering of the physical condition of the people. Great reforms have already been carried out. Cities are incomparably sweeter and cleaner than they were fifty years ago. But this problem of health remains one of the most important of the time. Several generations of city life may be compared in its ill effects to several generations of life in India.

The full title of the English insurance bill is "A Bill to provide for Insurance against Loss of Health and for the Prevention and Cure of Sickness." There has hardly been time as yet in Germany to test the effects of the legislation on health. We may hope, however, that in both countries it may help men to deal with this problem in several ways. Firstly, if families pass through fewer times of stress the children are likely to grow up stronger. Want of suitable and sufficient food in childhood may undermine the health for the whole of life. In the second place, the men will benefit greatly by having immediate and adequate medical care ; and as this will include all wage-earners from the age of sixteen, the boys and girls from that age will be properly attended to. Sanatorium treatment will be provided for consumption on a larger scale than to-day ; and thus, besides the cures that may be effected, many young children and other people will be saved from living in constant contact with a consumptive patient. The benefits under the Act may be extended to include the families of the insured ; but even without this extension it may lead to

better care of children as well as adults by educating people in the tending of the sick.

It is true that employers may be less willing to engage anyone whose strength is under the average, and that thus hardship may be caused. But this will bring the value of health home to the nation, more forcibly perhaps than could be done by any other means.

It is not unusual to hear modern society attacked as leading to the survival of the unfittest. This argument is brought especially against every measure that can be called "socialistic," and may even be aimed occasionally at insurance legislation by those who do not consider it carefully. The opposite attack, however, is better deserved ; it is said that the position of the unfit will be made even harder than before. If, however, this serves as a preventive measure against the production of the unfit, the good that it does to the nation will be very great. Few children are born crippled, as is proved by the fact that the most careful of all parents—the Jews—rarely have a cripple child. If all parents could be induced to take as much care as Jews do, many lives would not be handicapped in this way. Then again, the provision of glasses or the removal of adenoids in childhood may prevent very serious harm ; and anything which will induce the parents to do this, when necessary, will go far to improve the general health.

The condition of the children around the district of Selly Oak has been noticeably raised by the high standard necessary for admission into Cadbury's works. It becomes the mothers' one ambition to keep their children strong and healthy, so that they may be admitted. If the medical examination which children are obliged by law to pass before entering a factory were less of a farce, it might educate the mothers everywhere as they are already being educated in that one neighbourhood.

Public opinion in all classes will, we hope, learn to protest more strongly than ever against unhealthy streets and dwellings. The fact that employers as well as workmen will suffer pecuniarily from the ill-health of the nation may seem a poor reason for working for better things. It seems rather a materialistic interpretation of "If one member suffer, all the members suffer with it." But it is not only Will we need, it is Knowledge. Most men to-day sincerely desire the health of the nation, but we do not know where the evil lies. The law for the registration of deaths was passed in order to prevent crime, but as a matter of fact it has been still more useful in assisting the efforts made to improve the health of the people. It has led to the knowledge of every epidemic of dangerous disease and to an estimation of the comparative death-rate in various towns and parts of towns. But we do not know of epidemics of slighter forms of disease, nor can we trace the amount of "unfitness" in the population of different districts, though—in the opinion of many—this is an evil even more serious than a high death-rate. Under the Insurance Bill no illness or unfitness which keeps a man away from work will pass unnoticed; and thus much useful information will be gained.

SECTION XI

STATE ACTION AND CHARITY

CURIOUSLY enough, a second objection may be brought against the Bill from the individualist point of view, which is almost diametrically opposed to that maintained by those who fear the pauperisation of the people. It is sometimes said, not that the workman ought to stand upon his own feet, but that the classes which have been put by fortune or Providence in positions of responsibility, the employers and landowners and others, ought to help him voluntarily. Here we are thrown back upon the fundamental difference between individualists and socialists which we have already noticed. And there is certainly a great deal to be said upon the individualist side. Much voluntary kindness will come to an end. Many a master helps a sick workman without hope of reward. There is, however, a certain amount to be said on the other side, even from the point of view of the character of the master. The responsibility upon him will always be great, but now it is almost too heavy a burden to put upon the shoulders of any one man. In very many cases he does not rise to it; in most he hardly does so adequately. And unfulfilled opportunities of doing good do the character nothing but harm. The saying "How hardly shall they that have riches" seems to apply to great power over human lives as to other forms of wealth. Besides this, the fact that many fail in their obligations makes the fulfilment of them a special and unusual virtue, and sometimes a cause of self-righteousness. It may not be a bad

thing if a country by passing a law makes a work of supererogation into an ordinary commonplace duty. It saves men from self-congratulation for performing it, while it increases their shame if they fail. If theft were not a legal crime we might be conceited of our honesty.

But, after all, the personal help that one class gives another ought to be not so much material as mental. Few of us like to make use of our neighbour's purse, but we are all ready to use his brains when we need advice or information on a subject with which he is acquainted. And there are signs in England at the present time that the Act will transform the kind of help which disinterested employers feel called upon to give their workmen. Where formerly they gave money, they will give careful study to the situation, so that they may be able to give useful advice. The same is true of churches and certain philanthropic agencies such as settlements. Many unskilled labourers, especially women, will lose a great deal if they are not guided in the joining of approved societies; and a consciousness of the duty not to allow them to drift into an acceptance of the lower benefits offered by the post office insurance is already abroad in society.

If the educated classes help the people in unorganised occupations to form societies, higher benefits may be only the least of the advantages they will win for them. The Bill has been attacked as making it hard for a trade union to become an approved society. We may doubt whether the unions are likely to be greatly injured. Their leaders are able enough to find some way out of the difficulty of funds and administration, if there is one. And the formation of new societies among the less skilled workers is really a step in the direction of the organisation of labour. It may help many branches of industry, little touched as yet by the trade union movement,

to a trade consciousness and *esprit de corps* which will enable them to improve their position. And the more this is done with the help of the employers and "upper" classes generally, the less likely is it that class patriotism will mean class antagonism. We have learnt not to treat our colonies as children any longer ; we know that if we help them to stand on their own feet local and imperial patriotism will help each other ; otherwise they will clash, and one will be lost. In the same way, if masters insist upon treating their men as either babes to be petted, or rebels who have no business to want to run their own affairs, the working classes will alternate between helpless dependence and bitter opposition. The ideal attitude of workmen towards their employers would be that of fully grown children to their parents ; utterly different both from distinctions of caste, and from the kind of equalitarianism which has reached its most acute form in America, where each man's consciousness that he is as good as every one else seems to have reached a point where it is as uncomfortable for him as for them.

SECTION XII

CONCLUSION

ALTHOUGH, then, Bismarck's hope that the insurance legislation would allay the discontent in Germany was not fulfilled to the extent which he hoped, the other object, that of raising the general standard of life, seems likely to result, not only in Germany but in the whole of Europe and in our own country. Opinion in Germany seems strongly on the side of the legislation ; opposition is almost entirely on the score of malingering. The opinions of employers in most of the great German industries were embodied in a memorandum presented to the House of Commons in May 1911. Their unanimity in favour of the legislation is remarkable, considering that they belong to the class which we should expect to be most hostile. They are unlikely to be influenced much by the fact that State Socialism is the fashionable political creed in Germany ; the legislation comes too near them for a merely "platonic" affection. One after another of these employers gives his opinion that both the standard of life and the efficiency of the workers have been greatly improved.

It may be asked, however, whether the expense is not greater than the country can bear. It is maintained, in the first place, that the benefits are bought far more dearly than they need be ; that the friendly societies at present give larger ones for the same subscription. This may be a valid

objection to the German administration, but it was answered, as far as England is concerned, by the Chancellor of the Exchequer, when he said to a deputation of the Social Democratic party: "Very well, all you have to do is to set up a society, and if you can get better benefits for 9d. you will get them." But it is also maintained that, even if no unnecessary expense is incurred, the pecuniary burden is more than the country can bear. This has been said again and again, as for instance at times when the National Debt was greatly increased, and has always proved false. There is a certain amount of urgency about English social reform, especially the expensive measures. The country is rich, but she is living largely on her coal. We cannot tell whether her wealth will outlast her coal supply. We must use this time of prosperity to the best advantage, and accomplish as much as possible while it continues.

It is, therefore, perhaps well that we have not lingered for any other country to show the way in one urgent though difficult branch of insurance, namely, that providing for unemployment. Other nations have given state aid to voluntary schemes, but ours is the first compulsory measure. We have begun tentatively, as was wise, but the insurance will not long be restricted to those trades to which it will at first apply. If, as many believe, modern industry requires a fringe of labour, unemployed except in the busiest time, the responsibility of society to this fringe is very great. The difficulties of the problem lie beyond our present field of discussion; they are certainly great, but experience is needed to show whether they are insurmountable. The first country to make the attempt is certain to fall into error, but England is not accustomed to hang behind others for the sake of safety. And

if insurance against unemployment can be made to solve some of the world's problems, it will be a final proof of the wisdom of Bismarck. He was not able to introduce it in Germany, but we must not forget that it was part of his original programme.

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REMARKS ON THE AUTHORITIES

The *Reflections and Reminiscences*, though invaluable, as coming from Bismarck himself, in casting light upon his life and character, do not give us a connected history. This is given in a useful form by Headlam, while Dawson and Schmoller supplement it on the economic and social side. Schmoller is most illuminating, especially on the character of Bismarck. Insight into this may also be gained from his Letters, and from the numerous excellent quotations from speeches and conversations given by Lowe, who is not otherwise of great value. It is often necessary to correct Lowe's statements of fact, as of all those writing before the appearance of the *Reflections*, in the light of Bismarck's own statements.

A discussion of State Socialism and its history may be found in Dawson, Rae, Laveleye, Herkner, and the *Dictionary of Political Economy*. Dawson's little volume is extremely useful; it is apparently the only book directly upon the subject that has appeared in English. The Dictionary gives most of the facts in a convenient

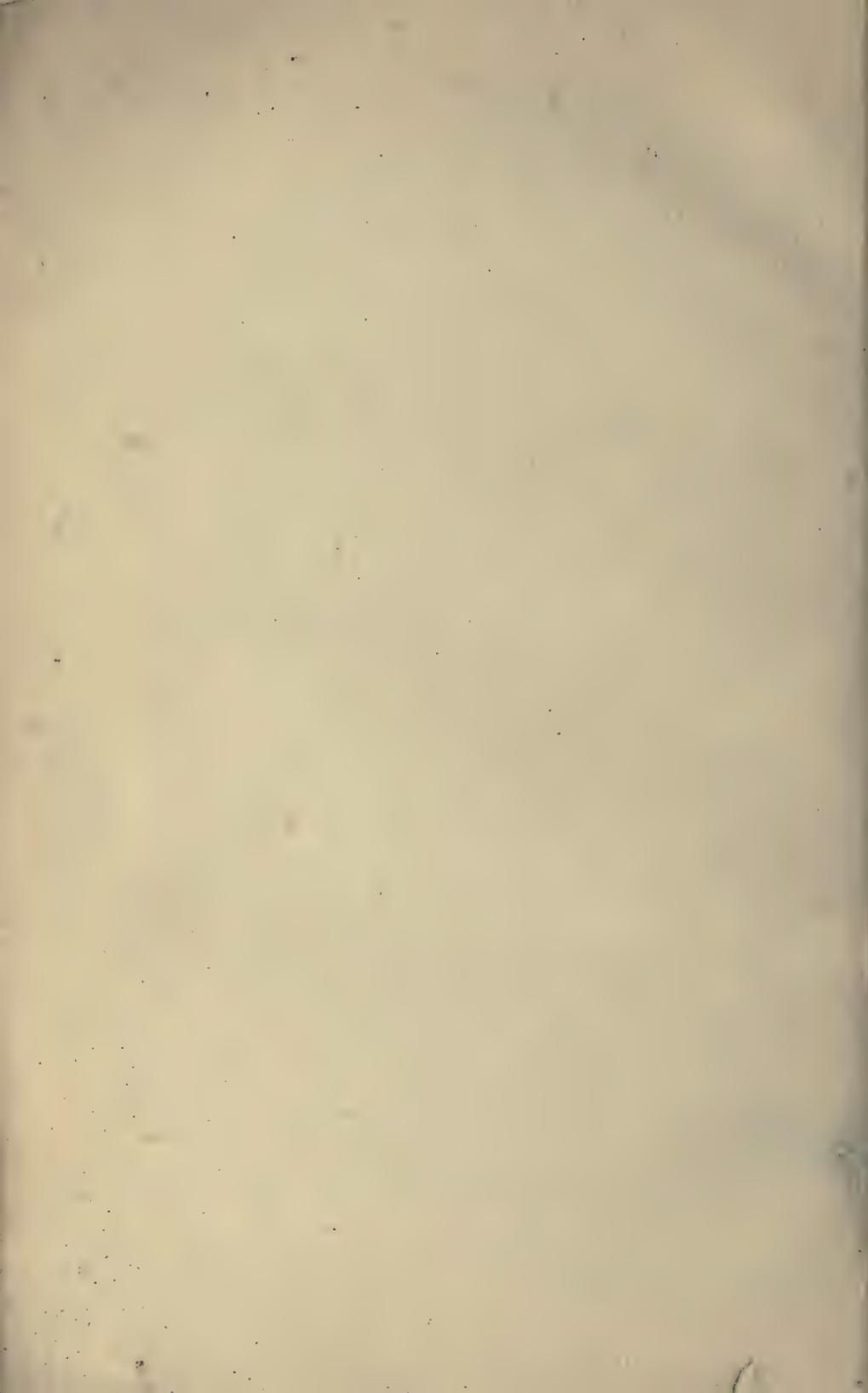
form. The other writers are interesting as giving different points of view.

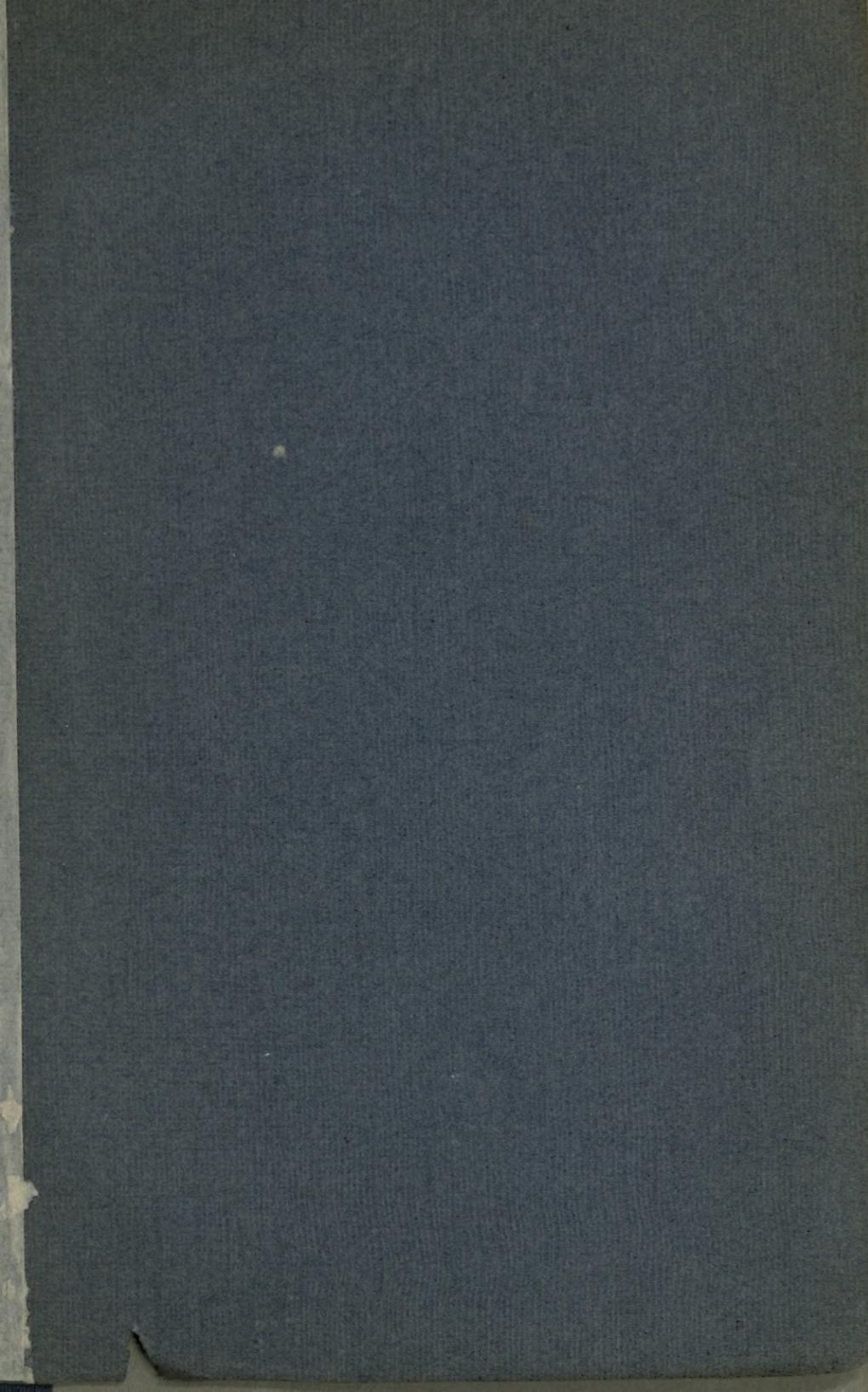
The history and text of the Insurance Acts are given in Brooks' *Compulsory Insurance*; and the more recent developments in Germany and other countries are set forth in a recent Report of the United States' Bureau of Labor. The text of the Act of 1911 is given in Bulletin 96 of the same Bureau.

For an estimate of the place of the insurance legislation in the career of Bismarck and in the evolution of Modern Germany reference should be made to the suggestive pages in Schmoller's *Vier Briefe*; while detailed criticism will be found in the work of Mr. Brooks and in the articles of the same writer and Mr. Wells, and in Chapman's *Work and Wages*.

A good deal of useful information is also contained in some of the Memoranda presented last year to the House of Commons. That giving the opinions of certain leading employers of labour in Germany is especially interesting.

Dawson's *Social Insurance in Germany* appeared after this essay was written. I have, however, been able to make some use of it in connection with the most recent amendments of the legislation.





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